PROFESSIONAL MARKET STUDY
FOR THE PERRY PARK TOWNHOMES
APPLICATION # - 2006-016
A PROPOSED LIHTC/HOME
MULTI-FAMILY REHAB DEVELOPMENT

LOCATED IN:

BRUNSWICK, GLYNN COUNTY, GA

PREPARED FOR:

GEORGIA DEPARTMENT of COMMUNITY AFFAIRS

OFFICE of AFFORDABLE HOUSING

60 Executive Park South, NE

Atlanta, GA 30329

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Table of Contents

INTRODUCTION

The proposed acquisition/rehab multi-family development will target LIHTC eligible households in the general population within Brunswick, and Glynn County, Georgia.

The market study assignment was to ascertain market demand for a proposed acquisition/rehab multi-family development presently known as the **Perry Park Townhomes (North & South)**, for the Georgia Department of Community Affairs (GA-DCA).

Project Mix

PROPOSED PROJECT PARAMETERS			
Bedroom Mix	# of Units	Unit Size (Heated sf)	Unit Size (Gross sf)
2BR/1.5b	41	978	Na
3BR/1.5b	24	1175	Na
Total	65		

Project Rents:

The proposed development will target 45% of the units at 50% or below of area median income (AMI), and 55% of the units at 60% or below of area median income (AMI). The net rent will exclude all utilities. All 65-units (100%) will have HUD project base rental assistance (PBRA). This PBRA will be transferred to the new owner upon acquisition.

PROPOSED PROJECT RENTS @ 50% & 60% AMI				
Bedroom Mix	# of Units	Net Rent*	Utility Allowance	Gross Rent
2BR/1.5b	41	$507	$147	$654
3BR/1.5b	24	$545	$187	$729

*HUD Contract rent

In addition, there are several terms that will be used throughout the study, which have very specific meanings within the program assisted framework, but which may have other meanings in other contexts. Two sets of terms in particular are identified here to avoid confusion in the study.

Type of Project Rent Structure:

- Conventional - also referred to as "market rate", reflects projects which are developed without any program funding from public or private sources, using equity and conventional finance. Rents are established by the owner, typically without regulatory constraints.

- Assisted - projects that use some form of program financing designed to make rents more affordable. The financing may include federal and state grant, loan or loan guarantee programs; the Low Income Housing Tax Credit program, direct rental assistance and in some cases private grants or preferential loans.

- Subsidized - projects that have direct rental assistance, which allows tenants to pay only an affordable proportion of their income for rent, with the balance paid by another agency (usually governmental). These subsidies are project-based; that is, the subsidies are attached to the units. Tenant-based subsidies are carried by the tenants, who may use them is assisted or conventional projects. Note: all subsidized projects are also assisted projects, but not all assisted projects are subsidized.

Rent Inclusions:

- Gross Rent - refers to the total rent payment, including utilities. (Cable and telephone utilities are excluded from this definition.) Gross rents are usually identified as a monthly rent. Gross rents are used in the study for program usage such as LIHTC maximum rents or HUD Fair Market Rents.

- Net Rent - sometimes known as "street rent", involves the rent paid to the landlord, and usually excludes some or all utilities. Net rents are used in comparisons with conventional projects, and are also usually identified as a monthly rent.

- Utility Allowance - is the amount of the Gross Rent not included in the Net Rent, and reflects the estimated amount a tenant will have to pay out-of-pocket for utilities.

As a final terminology note, capture rate and penetration rate are used interchangeably in this study. They refer to the proportion of a defined total pool of tenants that a specific project must capture (or the degree to which the project must penetrate the total pool) in order to be fully occupied. Different capture rates will be calculated for different market pools - for example, the capture rate applied to the total income-qualified renter base will be different from the capture rate applied to a annual target demand pool. Both are used in this study.

The analyst performed an in-depth, on-site analysis in the market area, surrounding neighborhoods, and the site. Personal interviews were conducted with local area real estate professionals and other persons knowledgeable in the local area housing market.

Among sources utilized and cited throughout the study are the U.S. Census of Population and Housing, the Georgia Department of Labor, the Brunswick Golden Isles Chamber of Commerce, the Brunswick-Glynn County Development Authority, the City of Brunswick, the US Department of Housing and Urban Development and pertinent information and materials collected from local professional real estate sources and subject related service providers.

Other, specific elements of the methodology are discussed in the text of the study.

STATEMENT OF CONTINGENT AND LIMITING CONDITIONS

1. The consultant declares that he does not have, and will not have the future, any material interest in the proposed project, and that there is no identity between him and the client of the study. Further, the consultant declares that the payment of the study fee is in no way continent upon a favorable study conclusion, nor upon approval of the project by any agency before or after the fact. The analyst certifies that no attempt was made to contact the applicant directly for any information in the market study.

2. The information on which this analysis of conditions in Brunswick and Glynn County has been obtained from the most pertinent and current available sources, and every reasonable effort has been made to insure its accuracy and reliability. However, the consultant assumes no responsibility for inaccuracies in reporting by any of the Federal, State, or Municipal agencies cited, nor for any data withheld or erroneously reported by private sources cited during the normal course of a thorough investigation. The consultant reserves the right to alter conclusions on the basis of any discovered inaccuracies.

3. No opinion of a legal or engineering nature is intentionally expressed or implied.

4. The fee charged for this study does not include payment for testimony nor further consultation.

5. This analysis assumes a free and fair real estate market place, with no constraints imposed by any market element based on race, age or gender, except for age / handicapped eligibility established by law for units designated by elderly households and the handicapped.

6. The consultant affirms that a member of the firm made a physical inspection of the site and market area, and that information has been used in the full assessment of the need and demand for new rental units.

Jerry M. Koontz, Principal
Koontz and Salinger

SECTION A

EXECUTIVE SUMMARY

1. Market Area and Site Description:

- The Primary Market Area (PMA) for the proposed development consists of consists of the Brunswick Census Division of Glynn County. Specifically, the Brunswick Census Division encompasses the following census tracts: 5.01, 5.02, 6, 7, 8, and 9.

- The overall character of the neighborhood within the immediate vicinity of the sites can be defined as a mixture of: single-family residential with several multi-family properties, and nearby industrial land use. The sites are located in the southern portion of Brunswick. All major facilities in Brunswick can be accessed within a 10 minute drive.

- In the opinion of the analyst, the sites of the subject properties are considered to be appropriate for multi-family acquisition/rehab development.

2. Appropriateness of Project Parameters

- Overall, the subject will be competitive with most of the existing program assisted and market rate apartment properties in the market area regarding the unit and the development amenity package. However, the strength of the subject's marketability will rely more so on its 100% PBRA versus its upgraded amenity package.

- In the area of unit size, by bedroom type, the subject will offer a competitive unit size for both the 2BR and 3BR units. Both units already offer a bath and a half mix, which when rehabed will assist in the marketability of the units/development. According to the GA-DCA architectural guidelines, the subject's 3BR units are slightly on the small size by about 3 to 7 square feet. However, in terms of being competitive and marketable in the Brunswick apartment market the present 3BR unit size is not a problem.

- The subject will be competitive with all of the existing program assisted and market rate apartment properties in the market regarding proposed net rents by bedroom type, subject to the retention of the deep subsidy, project base rental assistance (PBRA). Even without the PBRA, the subject net rents (at present) would be competitive in the market, subject to modernization and rehab.

- The proposed subject 2BR/1.5b net rent at 50% and 60% is approximately 12% less than the competitive 2BR/1.5b market rate net rents. The proposed 3BR/1.5b net rent at 50% and 60% AMI is approximately 22% less than the competitive 3BR/1.5b market rate net rents. Note: This reconciliation process assumes no PBRA for the subject.

- The subject bedroom mix is considered to be appropriate, allowing for all bedroom types, yet focusing on the larger bedroom size with PBRA, for families in need of very affordable housing. In addition, the subject will be replacing like-kind units on a 1 for 1 basis, by bedroom type.

3. Market Demand:

- The capture rates by income segment and bedroom mix are considered to be positive indicator of demand support for the proposed 65-unit development, with PBRA. The overall project capture rate is 1.7%. This capture rate is premised upon the subject not retaining any of the existing tenants at the time of the rehab process. Based on an examination of the most recent rent roll, current demand and the condition of the units it is estimated that the project should be able to retain at least 90% (if not more) of the existing tenant base. Should at least 59 of the 65 available units (90%) be retained along with the PBRA the subject capture rate with PBRA would be much, lower - at less than 1%. Without PBRA the retention rate would not be as high and in fact the assumption of a project with 65 available units and no PBRA would be more realistic along with a capture rate much higher than that exhibited at 14.3%.

- At present, there three LIHTC family complexes in the PMA. None offer PBRA.

Capture Rates by Bedroom Type & Income Targeting - **With PBRA**							
Unit Size	Income Limits	Units Proposed	Net Demand	Capture Rate	Absorp-tion	Avg Mkt Net Rent	Proposed Net Rent
2BR	50% & 60% AMI	41	1,938	2.1%	2 mos.	$575	$507
3BR	50% & 60% AMI	14	970	1.4%	2 mos.	$700	$545

- The long term negative impact of placing the proposed subject property into the PMA is forecasted **not** to be significant as its relates to the present supply of program assisted apartment properties.

- The worst case scenario for 93% to 100% rent-up is estimated to be 6 months (at 10 to 11-units per month on average). The most likely/best case rent-up scenario suggests a 3-month rent-up time period (an average of 21 to 22-units per month). These estimates of absorption are based upon the assumption that the subject will not retain any of the tenants after the time of the rehab process. In reality, even without an extensive rehab process the subject has maintained an *__annual__ occupancy rate* of approximately 94% and with the retention of PBRA would have little to no difficulty in maintaining at least a 90% retention rate. Given this scenario, the remaining 10% of the complex should be absorbed within 1 month upon the completion of the rehab process.

- Without the PBRA the estimates of capture rate by bedroom type and absorption are:

Capture Rates by Bedroom Type & Income Targeting – Without PBRA							
Unit Size	Income Limits	Units Proposed	Net Demand	Capture Rate	Absorp-tion	Avg Mkt Net Rent	Proposed Net Rent
2BR	50% & 60% AMI	41	226	18.0	9 mos.	$575	$507
3BR	50% & 60% AMI	14	114	12.2	6 mos.	$700	$545

* The absorption is subject to no increase in the existing contract net rent.

4. Recommendation & Conclusion:

- Based upon the analysis and the conclusions of each of the report sections, it is recommended that the proposed application **__proceed forward__**, ***as presently configured,*** subject to the retention of 100% PBRA. With the PBRA, and successful rehabilitation of the development, along with on-site professional management, the subject, should maintain a very high rate of occupancy.

__MARKET STUDY FOLLOWS__

SECTION B

PROPOSED PROJECT DESCRIPTION

The proposed Low Income Housing Tax Credit (LIHTC) multi-family development will target very low to low income households within the general population in Brunswick and Glynn County, Georgia.

The subject property is an existing HUD Section 8 scattered site family development. The 65-unit development comprises three tracts. Tract I is located off Cleburne Street, between K and I Streets. Tract II is located at Cleburne and N Streets. Tract III is located off N Street, between Bartow and Cleburne Streets. Tract II and III are located adjacent to each other and together comprise 24-units. Tract I is located a little to the south of Tract II and III and comprises 41-units.

Specifically, the GA-DCA application is for the acquisition / rehab of the existing three tract development.

The market study assignment was to ascertain market demand for a proposed acquisition/rehab multi-family development presently known as the **Perry Park Townhomes (North & South)**, for the Georgia Department of Community Affairs (GA-DCA), under the following scenario:

Project Description

PROPOSED PROJECT PARAMETERS			
Bedroom Mix	# of Units	Unit Size (Heated sf)	Unit Size (Gross sf)
2BR/1.5b	41	978	Na
3BR/1.5b	24	1175	Na
Total	65		

At present, the project design of the subject development comprises 14 two-story multi-plex buildings. A separate building comprising a manager's office, central laundry and common space/community center will be a part of the proposed development. The subject was built in 1972 and at present is in fair to poor condition.

The proposed *Occupancy Type* is for the **General Population** and is not age restricted.

Project Rents:

The proposed development will target 45% of the units at 50% or below of area median income (AMI), and 55% of the units at 60% or below of area median income (AMI). The net rent will exclude all utilities, however, HUD supplies a utility allowance. All 65-units (100%) will have HUD project base rental assistance (PBRA). This PBRA will be transferred to the new owner upon acquisition.

PROPOSED PROJECT RENTS @ 50% & 60% AMI				
Bedroom Mix	# of Units	Net Rent*	Utility Allowance	Gross Rent
2BR/1.5b	41	$507	$147	$654
3BR/1.5b	24	$545	$187	$729

*HUD Contract rent - Owing to PBRA the tenant portion of the rent on the 50% units will be below the maximum allowable rents.

Current Amenity Package

The development includes the following amenity package:

Unit Amenities

- stove
- cable ready
- smoke detector
- refrigerator
- mini-blinds
- central air

Development Amenities

- manager's office

Proposed Amenity Package

The proposed rehabilitation process will include bringing the property up to the current ADA codes and guidelines, current energy and efficiency codes, and a complete rehabilitation of the interior and exterior of all the units, as well as major rehabilitation to the exteriors of the buildings. The proposed rehabed development will include the following amenity package:

Unit Amenities

- range
- dishwasher
- central air
- carpet
- mini-blinds
- microwave
- refrigerator
- disposal
- washer/dryer hook-ups
- cable ready
- new smoke detectors

Development Amenities

- manager's office*
- central laundry

- new community center
- with a library/reading room
- equipped fitness room
- furnished children's activity ctr
- playground
- equipped play court
- equipped picnic area
- equipped computer center
- gazebo
- covered pavilion
- fencing along side streets

The applicant plans on having the rehabilitation work completed during the day and making a unit available to the tenant during this time. Given this strategy the applicant states that "no relocation is required". Source: Project Narrative.

The estimated projected year that The Perry Park Townhomes will be placed in service as a rehabilitated development is 2008.

SECTION C

SITE & NEIGHBORHOOD EVALUATION

The proposed Perry Park Townhomes acquisition/rehab development consists of three separate tracts located in the southern portion of Brunswick, within the city limits, less than 1 mile from the downtown area of Brunswick. Specifically, the two smaller tracts (Tracts II & III) which comprise 24-units are adjacent to each other and are located in Census Tract 5.01. The larger tract (Tract I) comprise 41-units is about .25 miles to the south and is located in Census Tract 8 (a Qualified Census Tract, QCT). See Site Map, page 11.

Note: Census Tract 5.01 is not a QCT.

Street and highway accessibility are very good relative to the sites. Ready access is available from the sites to the following: major retail trade and service areas, employment opportunities, local health care providers and area churches. All major facilities in Brunswick can be accessed within a 10 minute drive. At the time of the market study, no significant infrastructure development was in progress within the vicinity of Tracts II & III. At present, K Street, which is adjacent to Tract I is in the process of having new "trunk lines" put beneath the road and is closed to vehicular traffic.

Site Characteristics & Perry Park Townhomes

Perry Park Townhomes is a 65-unit HUD Section 8 development that was built in 1972. At the time of the survey the property was in fair to poor condition. Three of the 65-units were vacant and it was reported that the property has been 94% to 95% occupied over the last 12 months. Typically, the property has a waiting list with 15 to 20-applicants. The property contract rents were increased on June 1, 2006. The 2BR contract rent was increased from $507 to $525 and the 3BR contract rent was increased from $545 to $565. In addition, the 2BR utility allowance was increased from $147 to $194 and the 3BR utility allowance was increased from $184 to $218. The property in total has 100% PBRA.

Tract I

Tract I (41-units) is located off Cleburne Street between I and K Streets. This tract is specifically known as Perry Park Townhomes South and is situated on 2.623 acres. Tract I has 67 parking spaces. The tract is relatively flat and the property is located in a floodplain/floodway area. Located directly north of the tract on the opposite side of K Street is a section of the Brunswick Housing Authority. About .1 miles beyond is the Whispering Oaks LIHTC apartment development, built in 2004. Directly west of the tract is the Perry Park City Park and the Brunswick Multi-Purpose Center. About .2 miles from the city park is an elementary school. Tract I is zoned CP, Conservation Preservation.

The surrounding land uses around Tract I are detailed below:

Direction	Existing Land Use	Current Zoning
North	Multi-family	GR
East	Residential	CP
South	Residential	GR
West	City Park & Community Center	GR

Source: City of Brunswick, Zoning Map

Tracts II & III

Tracts II and III (24-units) are located adjacent to each other and jointly are known as Perry Park Townhomes North. The tracts are located off N Street. Tracts II and III have 42 parking spaces. Tract II is .802-acres in size and is bounded on the east by the Hercules Manufacturing grounds. Tract III is located off N Street between Cleburne and Bartow Streets. It comprises .697-acres. The tracts are bordered on three sides by single-family residential neighborhood development. The tracts are relatively flat and are located in a floodplain/floodway area. Tracts II and III are zoned GR, General Residential.

The surrounding land uses around Tracts II and III are detailed below:

Direction	Existing Land Use	Current Zoning
North	Residential	GR & R6
East	Industrial	B1
South	Residential	GR
West	Residential	GR

Source: City of Brunswick, Zoning Map

(1) - Tract I, off Cleburne Street.

(2) - Tract I.

(3) - Rear view, Tract I.

(4) - Tract II off N Street.

(5) - Typical interior view.

(6) - Typical interior view.

(7) - Housing Authority located between Tract I & Tracts II and III.

(8) - Brunswick Multi-Purpose center at corner of Cleburne and I Streets, across from Tract I.

(9) - Typical single-family homes in the vicinity of the subject properties.

(10) - Hercules Plant property located near Tract II.

Site Map

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Sat Jun 24 12:53 2006

Scale 1:31,250 (at center)

2000 Feet

1000 Meters

Local Road
Major Connector
State Route
Toll Highway

Access to Services

The subject tracts accessible to major employers, shopping, healthcare services, retail and social services, recreational areas, and the local and regional highway system. (See Site and Facilities Map, next page.)

Distances from the sites to community services are exhibited below:

Points of Interest	Distance from Subject
City Park	.1
Brunswick Multi-Purpose Center	.1
Elementary School	.2
Hercules Plant	.2
Access to US 17	.5
Lanier Shopping Plaza (Winn-Dixie)	.7
Fire Station	.7
Post Office	.8
Access to Brunswick/St. Simons Causeway	.9
Downtown Brunswick	1.0
Library	1.1
Middle School	1.5
Hospital	1.8
Coastal GA Community College	2.2
High School	2.4
GA Ports	2.4
Gypsum Plant	2.6
Access to I-95	6.0

Note: Distance from subject is in tenths of miles and are approximated.

Note: The actual distance may be off by a tenth or two, owing to the .2 miles of separation between the Tract I and Tracts II & III.

Site & Facilities Map

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Scale 1:37,500 (at center)
2000 Feet
1000 Meters

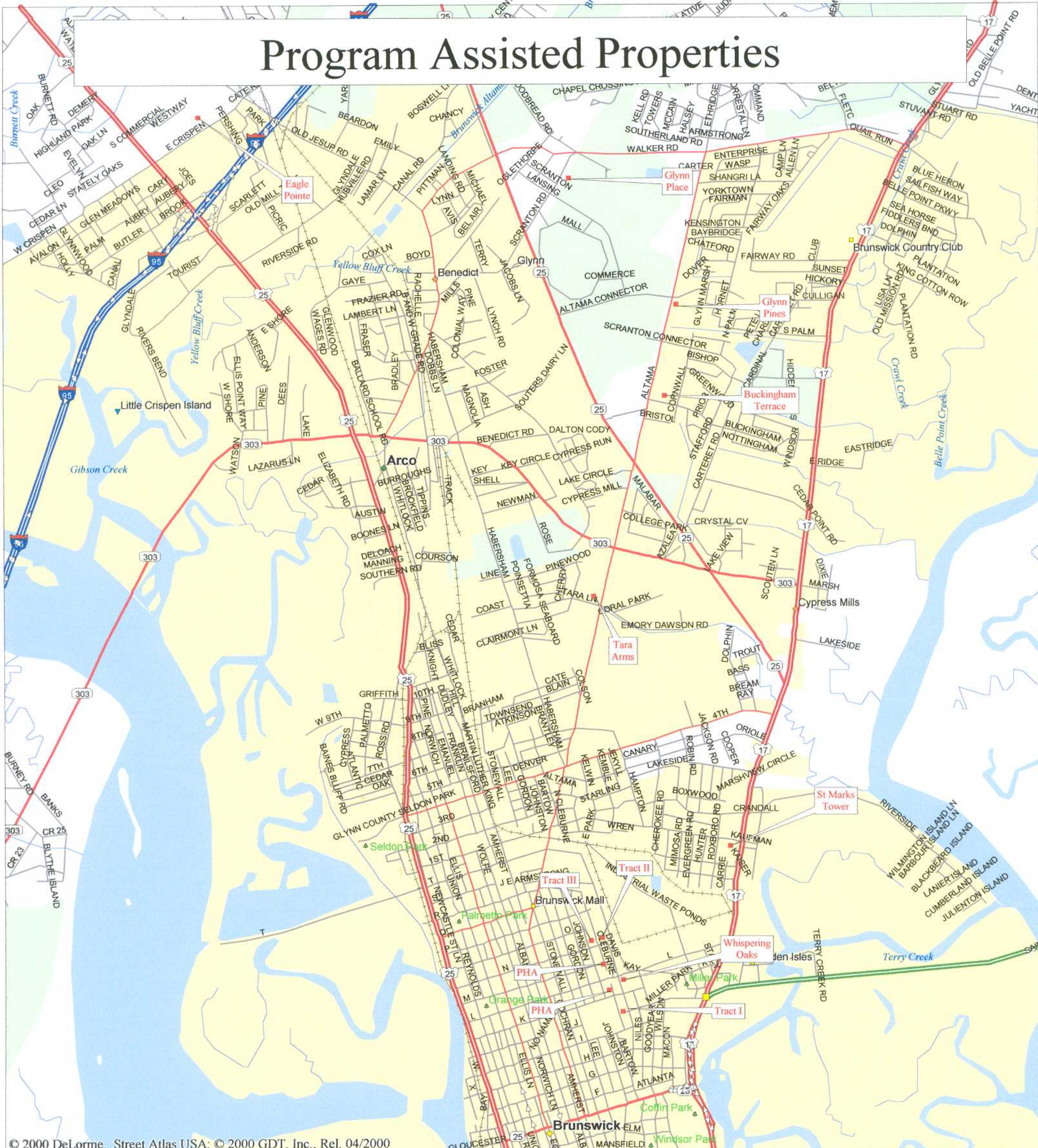
Local Road
Major Connector
State Route
Toll Highway

Program Assisted Apartments in Brunswick

Other than the subject, the other program assisted apartment apartments in Brunswick are the scattered site complexes of the Brunswick Housing Authority, as well as 3 LIHTC/Home family properties and 4 elderly properties (2 HUD Section 8, 1 HUD Section 202 and 1 LIHTC). A map (on the next page) exhibits the program assisted properties within Brunswick in relation to the subject sites.

Project Name	Street Address	Program Type	Number of Units	Distance from Sites
Glynn Place	820 Scranton	LIHTC - fm	128	5.5 miles
Eagles Pointe	112 Eagles Dr	LIHTC - fm	168	6.5 miles
Whispering Oaks	108 Whispering Oaks Drive	LIHTC - fm	72	.1 mile
Tara Arms	2525 Tara Ln	LIHTC - el	81	3.5 miles
Glynn Pines	80 Glen Marsh	HUD 8 - el	88	4.8 miles
St Marks Tower	1 Towers Pl	HUD 8 - el	150	2 miles
Buckingham Terrace	101 Buckingham	HUD 202 - el	60	4.2 miles

Program Assisted Properties



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Scale 1:43,750 (at center)
5000 Feet
1000 Meters

Local Road
Major Connector
State Route
Interstate/Limited Access

SUMMARY

The field visits for the tracts, the subject properties and surrounding market area were on June 21 and 22, 2006. The site inspector was Mr. Jerry M. Koontz (of the firm Koontz & Salinger).

The overall character of the neighborhood within the immediate vicinity of the sites/subjects can be defined as a mixture of: single-family residential, neighborhood churches, the Brunswick Housing Authority, a new LIHTC apartment, with a mixture of city park/facilities and a nearby elementary school.

Access to Tract I is available off Cleburne, I and K Street. Access to Tracts II and III is available off Cleburne, Bartow and N Streets. All of these streets are low density residential connectors, with a speed limit of 25 miles per hour in the immediate vicinity of the tracts. The access to the subject properties from these streets does not present problems of egress and ingress to the properties.

The sites offers good accessibility and linkages to area services and facilities. The areas surrounding the sites appeared to be void of most negative externalities (including noxious odors, close proximity to power lines, close proximity to rail lines and junk yards). Tract II is located adjacent to an industrial property. However, the tracts are separated by a fence, as well as a large, vacant buffer area.

The sites, in relation to the subject properties and the surrounding roads, are very agreeable to signage.

Overall, the field research revealed the following strengths and weaknesses of the subject properties in relation to subject marketability. In the opinion of the analyst, the sites of the subject are considered to be very appropriate for multi-family development.

SITE/SUBJECT ATTRIBUTES:	
STRENGTHS	**WEAKNESSES**
Good accessibility to services, trade, schools and employment opportunities	
Good linkages to area road system	
Nearby road speed and noise is acceptable	
Surrounding land uses are acceptable	

SECTION D

MARKET AREA DESCRIPTION

The definition of a **market area** for any real estate use is generally limited to the geographic area from which consumers will consider the available alternatives to be relatively equal. This process implicitly and explicitly **considers** the **location** and **proximity** and **scale** of competitive options. Frequently, both a **primary** and a **secondary area** are **geographically defined.** The primary market is an area where consumers will have the greatest propensity to choose a specific product at a specific location, and the secondary area is the location from which consumers are less likely to choose the product but the area will still generate significant demand.

The field research process was used in order to establish the geographic delineation of the Primary Market Area (PMA). The process included the recording of spatial activities and time-distance boundary analysis. These were used to determine the relationship of the location of the site and specific subject property to other potential alternative geographic choices. The field research process was then reconciled with demographic data by geography as well as local interviews with key respondents regarding market specific input relating to market area delineation.

Primary Market Area

Based upon field research in Brunswick and a 10 to 15 mile area, along with an assessment of the competitive environment, transportation and employment patterns, the site location and physical, natural and political barriers - the Primary Market Area (PMA) for the proposed multi-family development consists of the Brunswick Census Division. Specifically, the Brunswick Census Division encompasses the following census tracts: 5.01, 5.02, 6, 7, 8, and 9. (See Market Area Map)

The PMA is centrally located within Glynn County. Brunswick, the county seat, is located in the southern portion of the PMA. Glynn County is located in the southeast coastal portion of the State. The county has two distinct geographies. They are: (1) the Mainland area which is anchored by the City of Brunswick and the I-95 corridor, and (2) the Golden Isles area which includes St. Simons Island, Sea Island, Little St. Simons Island and Jekyll Island.

The Golden Isles area of the County is predominantly oriented towards tourism, resort living and as a retirement destination. The Mainland area of the county, centered by Brunswick has a diversified economy serving portions of a four county regional area.

Brunswick is the most densely populated place within the PMA, representing approximately 23% of the total population. Other than Brunswick there are no other incorporated places located within the

County. However, St. Simmons (an unincorporated place) has been designated by the US Census as a Census Designated Place (CDP). It had a 2000 census population of 13,381 (about 20% of the total population in the County).

For the most part, Brunswick and the Brunswick PMA comprise the trade area for the county and portions of four surrounding counties regarding: employment opportunities, finance, retail and wholesale trade and health care services.

The PMA is bounded as follows:

North	Glynn County
East	St. Simons CDP/Island & the Atlantic Ocean
South	Brunswick River
West	Brunswick & Turtle Rivers and Glynn County

With regard to the location of an apartment complex, with and without deep subsidy rental assistance, the City of Brunswick would be the most logical choices as a location for a LIHTC complex within the PMA. In this case, the complex would not only serve the these places, but the PMA as a whole, given the lack of alternative choices.

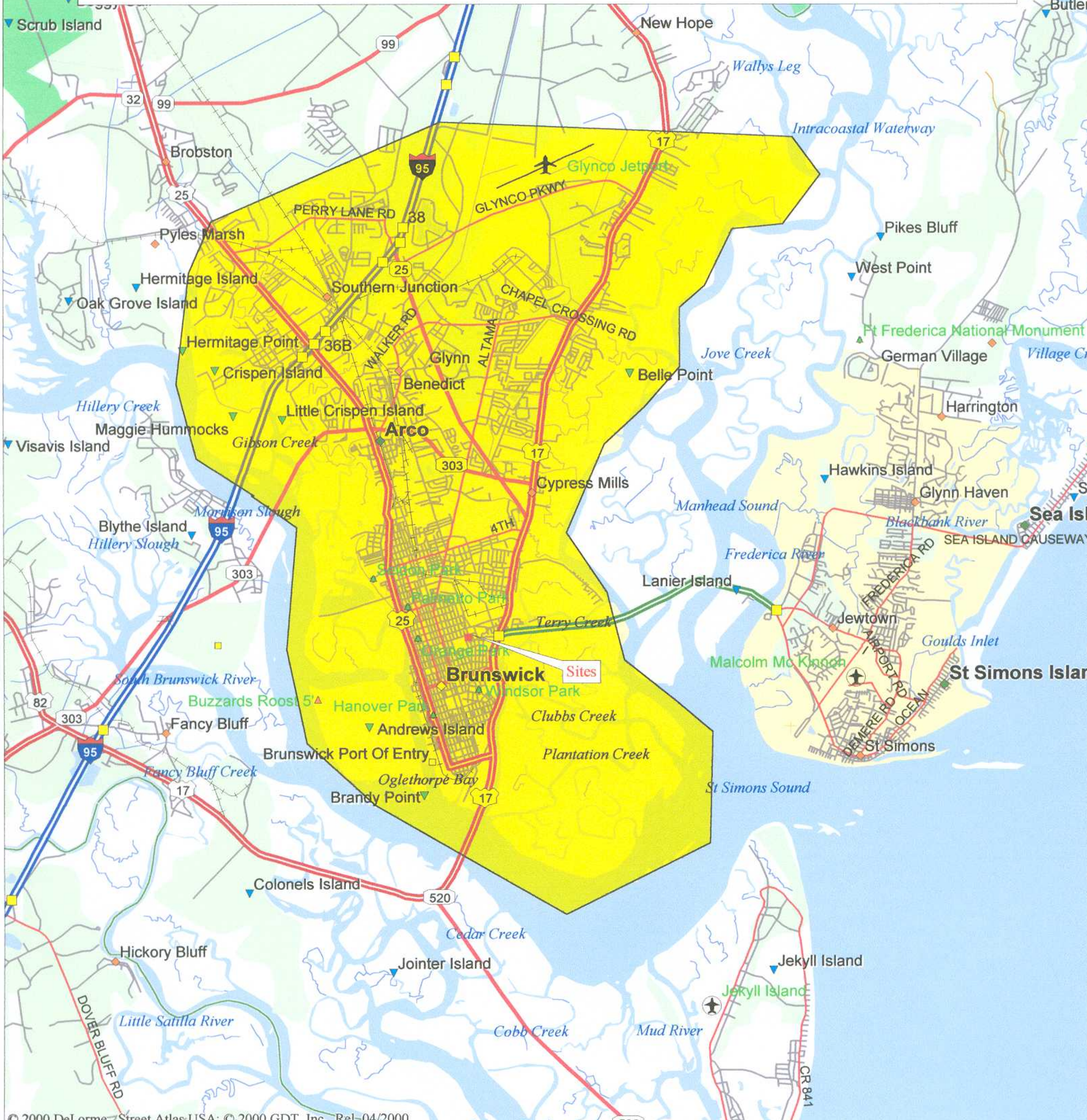
Transportation access to Brunswick and the PMA is excellent. Brunswick is served by US Highway 17 and State Roads 25 and 303. Access to I-95 is available via two interchanges, both approximately 2 to 3 miles north of the City. One of the two seaports in Georgia is located in Brunswick. In 2000, a new $100 million bridge was completed across the South Brunswick River, significantly increasing the depth for ocean-going vessels to serve the port.

Jacksonville, Florida - the largest city in the region - is located 65 miles south of Brunswick. Savannah is located approximately 75 miles north.

Secondary Market Area

The Secondary Market Area (SMA) consists of that area beyond the Primary Market Area. Demand for the development from the SMA is considered to range from moderate to good. Typically, 5% to 25% of program assisted apartment complexes are occupied by tenants from outside the PMA. Note: The demand methodology in this market study utilized a GA-DCA market study guideline factor of 15%.

Primary Market Area



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Scale 1:125,000 (at center)

2 Miles

2 KM

Local Road
Major Connector
State Route
Rest Area

SECTION E

COMMUNITY DEMOGRAPHIC DATA

Tables 1 through 14 exhibit indicators of trends in total population and household growth, for the City of Brunswick and Glynn County.

Population Trends

Table 1, exhibits the change in **total** population in Brunswick, the PMA and Glynn County between 1990 and 2010. The year 2008 is estimated to be the first year of availability for occupancy of the subject property. The year 2000 has been established as the base year for the purpose of estimating new household growth demand, by age and tenure in accordance with the 2006 GA-DCA Market Study Guidelines.

The PMA exhibited losses in total population during the 1990's, at approximately .3% per year versus losses of approximately .5% per year in the City of Brunswick. The decline in Brunswick affected the trend within the PMA, owing to the fact that at the time the City comprised a little over half of the PMA population. In turn, PMA growth outside the city limits was offset by losses in the City, such that the PMA exhibited overall losses during the 1990's. Since the 2000 census the US Census estimates for the years 2001 to 2005 have exhibited significant population gains not only for the county as a whole, but also for the City of Brunswick as well. Note: A significant minority of the population in the PMA is located within the City of Brunswick. It is estimated that approximately 45% of the PMA population is located within the City of Brunswick.

Population gains over the next several years are forecasted for the PMA and the City of Brunswick, at a moderate annual increase of approximately .60% to .65% per year. However, the increase for the county as a whole is more significant at around 1.25% to 1.3% annually. Much of this increase is centered around on-going development of the St Simmons area of the county.

The recent economic growth and the overall vitality, including significant on-going development trends in the northern portion of the county and the port area of the city in the 2000's are very supportive of: (1) the population forecasts, and (2) the rate of increase between 2000 and 2010 for the county as a whole.

Population Projection Methodology:

The population projection methodology is based on the examination of several data sets that have estimates for the 2008 placed in service year and a 2010 forecast. The ESRI data was used as a cross check to the University of Georgia, Selig Center forecast, but not in lieu of the Selig Center data.

Note: The forecasts for the City of Brunswick are subject to local annexation policy and rely heavily on the 2000 to 2004 US Census estimates.

Sources: (1) 1990 and 2000 US Census, and 2001 - 2004 US Census estimates.

(2) Georgia 2010-2015 Residential Population Project of Georgia Counties, Source: Georgia Governor's Office of Planning and Budget (as of December, 2004).

(3) ESRI 2004/2005 and 2009/2010 Projections, 16^{th} & 17^{th} Editions.

(4) SE Georgia Counties, 2005 & 2010, Selig Center for Economic Growth, Terry College of Business, University of Georgia, 2006.

Note: For the forecast of total population, greater weight was given to the recent 2000-2004 US Census and Census estimates, and the forecast provided by the Selig Center for Economic Growth, University of Georgia.

Table 1 Total Population Trends and Projections: Brunswick, the PMA and Glynn County					
Brunswick					
Year	Population	Total Change	Percent	Annual Change	Percent
1990	16,433	------	-------	------	-------
2000	15,600	- 833	- 5.07	- 83	- 0.51
2008*	16,375	+ 775	+ 4.97	+ 97	+ 0.62
2010	16,575	+ 200	+ 1.22	+ 100	+ 0.61
Brunswick PMA					
1990	32,495	------	-------	------	-------
2000	31,588	- 907	- 2.79	- 91	- 0.28
2008*	33,265	+1,677	+ 5.31	+ 210	+ 0.66
2010	33,670	+ 405	+ 1.22	+ 202	+ 0.61
Glynn County					
1990	62,496	------	-------	------	-------
2000	67,568	+5,072	+ 8.12	+ 507	+ 0.81
2008*	74,500	+6,932	+ 10.26	+ 867	+ 1.28
2010	76,295	+1,795	+ 2.41	+ 898	+ 1.20

* 2008 - Estimated year that project is placed in service.

Calculations - Koontz and Salinger. June, 2006.

Table 2 exhibits the change in population by age group in the Brunswick PMA between 1990 and 2000.

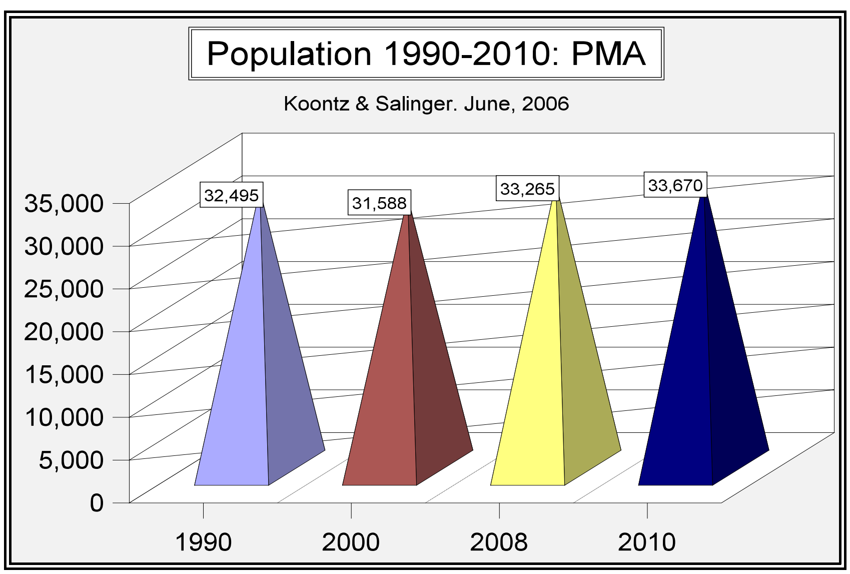
Table 2 Population by Age Groups: Brunswick PMA, 1990 - 2000						
	1990 Number	1990 Percent	2000 Number	2000 Percent	Change Number	Change Percent
Age Group						
0 - 4	2,647	8.15	2,396	7.59	- 278	- 9.48
5 - 17	6,381	19.64	6,138	19.43	- 243	- 3.81
18 - 24	3,502	10.78	3,070	9.72	- 432	-12.34
25 - 44	9,464	29.12	9,012	28.53	- 452	- 4.78
45 - 54	3,251	10.00	3,859	12.22	+ 608	+18.70
55 - 64	2,914	8.97	2,788	8.83	- 126	- 4.32
65 +	4,336	13.34	4,325	13.69	- 11	- 0.25

Sources: 1990 & 2000 Census of Population, Georgia.
Koontz and Salinger. June, 2006.

Table 2 revealed that population decreased in most of the displayed age groups in the PMA between 1990 and 2000. The decrease was moderate in the primary renter age group: of 18 to 44, at approximately 7%. Overall, a significant portion of the total PMA population is in the target property primary renter group of 18 to 44, representing over 38% of the total population.

Between 2000 and 2008, total population is projected to increase in the PMA at a moderate rate of about .65% per year or 210 persons per year. The annual rate of change is forecasted to remain moderate between 2008 and 2010 at an annual rate of a little over .60%. Most of the increase in the PMA will be in the I-95 area, and the US 17 /SR 25 corridors versus the inner-city.

The figure to the right presents a graphic display of the numeric change in population in the PMA between 1990 and 2010.



HOUSEHOLD TRENDS & CHARACTERISTICS

Tables 3 and 4 exhibit the change in household population in Brunswick, the Brunswick PMA and Glynn County between 2000 and 2010.

The moderate to significant increase in household formations in the PMA has continued over a 10 year period and is reflective of the continuing decline in overall household size, as well as, a moderate to significant increase in population for the county as a whole. For example, much of the recent population gains have been in: (1) the aging baby boom sector, resulting in a larger number of 2 person empty nester households, (2) recent gains in new young household formations with zero to 2 children, as a result of the economic vibrance of the area over the last 10 years and (3) an increase in retirement population in the St Simmons area of the county.

The decline in the rate of persons per household has continued over the last 10 years and is projected to continue at a much reduced rate of decline between 2000 and 2008 in both the PMA and the county, as well as in the City. The reduction in the rate of decline is based on: (1) the number of retirement age population owing to an increase in the longevity of the aging process for the senior population and the in-migration of young working age households into the county, and (2) allowing for adjustments owing to divorce and the dynamics of roommate scenarios.

The forecast for group quarters is based upon trends observed during the last two censuses. In addition, it includes information collected from local sources as to conditions and changes in group quarters' supply since the 2000 census was taken. Based upon interviews with the Brunswick Golden Isles Chamber of Commerce, and the City of Brunswick there have been neither new nursing homes, assisted living facilities nor correctional facilities introduced into the city since 2000.

Table 3 Household Formations: 1990 to 2010 Brunswick, the PMA and Glynn County					
Year / Place	Total Population	Population In Group Quarters	Population In Households	Persons Per Household[1]	Total Households[2]
Brunswick					
1990	16,433	554	15,879	2.5773	6,161
2000	15,600	660	14,940	2.4552	6,085
2008	16,375	740	15,635	2.4065	6,497
2010	16,575	760	15,815	2.3950	6,603
Brunswick PMA					
1990	32,495	943	31,552	2.6020	12,126
2000	31,588	664	30,924	2.4547	12,598
2008	33,265	750	32,515	2.4075	13,506
2010	33,670	775	32,895	2.4000	13,706
Glynn County					
1990	62,496	1,059	61,437	2.5655	23,947
2000	67,568	1,262	66,306	2.4370	27,208
2008	74,500	1,425	73,075	2.3855	30,633
2010	76,295	1,475	74,820	2.3750	31,503

Calculations: Data was interpolated between 2005 and 2010 and estimated for 2008. Koontz & Salinger. June, 2006.

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[1] Continuation of the 1990 to 2000 persons per household rate of change.

[2] Population in Households divided by persons per unit count.

Table 4 Change in Household Formations Primary Market Area				
Year	Total Change	Annual Change	Percent Change	% Annual Change
1990-2000	+ 472	+ 47	+ 3.89	+ 0.39
2000-2008	+ 908	+ 114	+ 7.21	+ 0.90
2008-2010	+ 200	+ 100	+ 1.48	+ 0.74

Sources: 1990 & 2000 Census of Population, Georgia.
Koontz and Salinger. June, 2006.

The projection of household formations in the PMA between 2000 and 2008, exhibited an increase of 114 households per year or approximately .9% per year. The rate and size of the annual increase in considered to be significant and supportive of both additional multi-family and single-family residential growth, subject to project size and affordability parameters.

Note: The 2000 to 2008, trend in the PMA is forecasted to continue between 2008 and 2010, at a still significant rate of growth. Resulting in a forecasted annual net gain of 100 households or .75% per year.

Table 5 Households by Tenure by Person Per Household Brunswick PMA, 1990 - 2000								
Households	**Owner**				**Renter**			
	1990	2000	Change	% 2000	1990	2000	Change	% 2000
1 Person	1,470	1,633	+ 163	25.93%	1,611	2,239	+ 628	35.53%
2 Person	2,416	2,236	- 180	35.51%	1,371	1,623	+ 252	25.76%
3 Person	1,284	1,113	- 171	17.68%	1,014	1,048	+ 34	16.63%
4 Person	989	775	- 214	12.31%	725	725	0	11.51%
5 Person	386	341	- 45	5.42%	318	395	+ 77	6.27%
6 Person	165	125	- 40	1.99%	157	157	0	2.49%
7 + Person	91	74	- 17	1.18%	129	114	- 15	1.81%
Total	6,801	6,297	- 504	100%	5,325	6,301	+ 976	100%

Sources: 1990 and 2000 Censuses of Population, Georgia.
Koontz and Salinger. June, 2006.

Table 5 indicates that in 2000 approximately 62.5% of the renter-occupied households in the Brunswick PMA contain 2 to 6 persons (the target group by household size).

The majority of these households are:

- couples, roommates,
- single head of households with children, and
- families with children.

Noticeable increases in renter households by size were exhibited by 1 and 2 persons per household. Note: Losses to no change were exhibited in most of the large renter household sizes. One person households are typically attracted to both 1 and 2 bedroom rental units and 2 and 3 person households are typically attracted to 2 bedroom units, and to a lesser degree three bedroom units. It is estimated that between 20% and 35% of the renter households in the PMA fit the bedroom profile for a 3BR unit. Given the proposed income targeting, rent positioning of the subject and 1990 and 2000 trends, the appropriate estimate is considered to be 25% versus 20%.

Table 6 exhibits households in Brunswick, the Brunswick PMA and Glynn County by owner-occupied and renter-occupied tenure. The 1990 to 2000 tenure trend revealed a change in both the owner-occupied and renter-occupied tenure ratios (on a percentage basis). Within the PMA the tenure trend was more supportive of renter-occupied units (owing to the large amount of rental stock within the city) versus an increase in owner-occupied tenure for the county as a whole. The 2000 to 2008, projected trend reflects the recent census patterns, with moderate rates of change, by geography.

Overall, significant net numerical gains are forecasted for both owner-occupied and renter-occupied households in the PMA.

The tenure forecasts are based upon:

(1) field work and survey findings,
(2) the relatively low interest rate environment in much of the 1990's, as well as the current low interest rate environment,
(3) the apartment complexes built since 2000, and
(4) an analysis of building permit data for Glynn County.

Table 6

Households by Tenure: 1990 to 2010
Brunswick, the PMA, and Glynn County

Year/ **Place**	Total Households	Owner Occupied	Percent	Renter Occupied	Percent
Brunswick					
1990	6,161	3,050	49.50	3,111	50.50
2000	6,085	2,711	44.55	3,374	55.45
2008	6,497	2,872	44.20	3,625	55.80
2010	6,603	2,903	43.96	3,700	56.04
Brunswick PMA					
1990	12,126	6,801	56.09	5,325	43.91
2000	12,598	6,297	49.98	6,301	50.02
2008	13,506	6,506	48.17	7,000	51.83
2010	13,706	6,556	47.83	7,150	52.17
Glynn Co					
1990	23,947	15,591	65.11	8,356	34.89
2000	27,208	17,819	65.49	9,389	34.51
2008	30,633	20,153	65.79	10,480	34.21
2010	31,503	20,751	65.87	10,752	34.13

Sources: 1990 and 2000 Census of Population, Georgia.
Koontz and Salinger. June, 2006.

Table 7 exhibits building permit data between 2000 and 2006. The permit data is for Glynn County (including Brunswick). Note: Data for 2006, was for the first three months of the year.

Between 2000 and 2006, 5,100 permits were issued in the county, of which, 682 or approximately 13.5% were multi-family units.

Table 7

New Housing Units Permitted: Glynn County, 2000-2006[1]

Year	Net Total[2]	Single-Family Units	Multi-Family Units
2000	613	532	81
2001	651	643	8
2002	848	540	308
2003	722	678	44
2004	946	871	129
2005	1,063	983	80
2006	257	225	32
Total	**5,100**	**4,418**	**682**

[1]Source: New Privately Owned Housing Units Authorized In Permit Issuing Places, U.S. Department of Commerce, C-40 Construction Reports. U.S. Census Bureau.

Selig Center for Economic Growth.

[2]Net total equals new SF and MF dwellings units.

HOUSEHOLD INCOME TRENDS & CHARACTERISTICS

One of the first discriminating factors in residential analysis is income eligibility and affordability. This is particularly of importance when analyzing the need and demand for program assisted multi-family housing.

A professional market study must distinguish between gross demand and effective demand. Effective demand is represented by those households that can both qualify for and afford to rent the proposed multi-family development. In order to quantify this effective demand, the income distribution of the PMA households must be analyzed.

Establishing the income factors to identify which households are eligible for a specific housing product requires the definition of the limits of the target income range. The lower limit of the eligible range is generally determined by affordability, i.e., the proposed gross rents and/or the availability of deep subsidy rental assistance (RA) for USDA-RD developments.

The estimate of the upper income limit is based on the most recent set of HUD Median Income Guidelines for six person households (the maximum household size for a 3BR unit) in Glynn County, Georgia at 60% of the area median income (AMI).

Tables 8A and 8B exhibit renter households, by income group, in the Brunswick PMA in 1990 and 2000, forecasted to 2008.

The projection methodology is based on a forecast of median household income for the County (which is representative of the PMA) into the first year of expected project rent-up. The forecast is based on 1990 to 2000 US Census HUD median household income estimates projected forward to 2008. The forecasted 2008 median household income is then compared to the last available census median household income and the change in the proportion of households by a comparison of the two different medians is calculated. The process of re-distributing households by income brackets into the forecast period is somewhat mechanical. It takes into consideration both the change in the data - based on the census and HUD estimates as well as utilizing the analyst knowledge of change in the Socio-economic make-up of the local market and applying deductive analysis to the allocation of proportional changes in the income brackets between 1990 - 2000 and 2000 - 2008.

Tables 8A and 8B exhibits renter-occupied household income in the Brunswick PMA in 1990, 2000, and projected to 2008. The forecast is based on 1990 and 2000 census data, as well as wage growth trends and an examination of the introduction of new multi-family supply since 2000.

Table 8A
Renter-Occupied Household by Income Groups
Brunswick PMA, 1990 & 2000

Households by Income	1990 Number	1990 Percent	2000 Number	2000 Percent
Under $10,000	1,883	35.14	1,446	22.94
10,000 - 19,999	1,654	30.86	1,657	26.28
20,000 - 34,999	1,208	22.54	1,580	23.92
35,000 - 49,999	473	8.83	838	13.29
50,000 +	141	2.63	783	12.43
Total	**5,359**	**100%**	**6,304**	**100%**

Table 8B
Renter-Occupied Household by Income Groups
Brunswick PMA, 2000 & 2008

Households by Income	2000 Number	2000 Percent	2008 Number	2008 Percent
Under $10,000	1,446	22.94	1,295	18.50
10,000 - 19,999	1,657	26.28	1,659	23.70
20,000 - 34,999	1,580	23.92	1,771	25.30
35,000 - 49,999	838	13.29	1,155	16.50
50,000 +	783	12.43	1,120	16.00
Total	**6,304**	**100%**	**7,000**	**100%**

Sources: 1990 and 2000 Census of Population, Georgia.
Koontz and Salinger. June, 2006.

Income Threshold Parameters

This market study focused upon the following target population regarding income parameters:

(1) - Occupied by households at 60 percent or below of area median income.

(2) - Projects must meet the person per unit imputed income requirements of the Low Income Housing Tax Credit, as amended in 1990. Thus, for purposes of estimating rents, developers should assume no more than the following: (a) For efficiencies and one bedrooms, 1 person; (b) For units with one or more separate bedrooms, 1.5 persons for each separate bedroom. (Note that estimated rents must be net of utility allowances.)

(3) - The existing development has 100% deep subsidy rental assistance.

(4) - The 2006 HUD Income Guidelines were used.

(5) - 0% of the units will be set aside as market rate with no income restrictions.

Analyst Note: The subject will comprise 65 two and three-bedroom units. The recommended maximum number of people per unit is:

2BR - 2, 3 and 4 persons
3BR - 3, 4, 5 and 6 persons

Analyst Note: As long as the unit in demand is income qualified there is no minimum number of people per unit.

The proposed (existing) development will target 45% of the units at 50% or below of area median income and 55% of the units at 60% or below of area median income (AMI). Note: The subject will retain the existing deep subsidy project base rental assistance for all 65-units.

The lower portion of the target income range is set by the proposed subject 2BR and 3BR rents at 50% and 60% AMI along with the fact that it has 100% project base rental assistance.

It is estimated that households at the subject will spend between 30% and 45% of income for gross housing expenses, including utilities and maintenance. Recent Consumer Expenditure Surveys (including the most recent) indicate that the average cost paid by renter households is around 36% of gross income. Given the subject property's intended target group it is estimated that the target LIHTC income group will spend between 25% and 50% of income to rent. GA-DCA has set the estimate for non elderly applications at 35%.

The proposed 2BR net rent at 50% and 60% AMI is $507. The estimated utility costs is $147. (Source: GA-DCA 2006 application) The proposed 2BR gross rent is $654. The proposed 3BR net rent at 50% and 60% AMI is $545. The estimated utility costs is $184. (Source: GA-DCA 2006 application) The proposed 3BR gross rent is $729. The lower income limit at 50% and 60% AMI without deep subsidy rental assistance was established at $22,425. Given the fact that 100% of the units set aside for potential tenants will have deep subsidy project base rental assistance the lower income limit was re-established at $0.

The AMI at 50% and 60% for 1 to 6 person households in Glynn County follows:

	50% AMI	**60% AMI**
1 Person -	**$19,550**	**$23,460**
2 Person -	**$22,350**	**$26,820**
3 Person -	**$25,150**	**$30,180**
4 Person -	**$27,950**	**$33,540**
5 Person -	**$30,150**	**$36,180**
6 Person -	**$32,400**	**$38,880**

Source: 2006 HUD Median Income Guidelines.

The overall income range for the targeting of income eligible households at 50% and 60% AMI is $0 to $38,880.

Were the subject to lose its project base rental assistance the overall income range for the targeting of income eligible households at 50% and 60% AMI is $22,425 to $38,880.

According to the application material forwarded to the Analyst "a copy of the current HAP contract reflecting PBRA on 100% of the units and a letter regarding the extension of the HAP contract to 20 years from the Director of Multifamily Housing of HUD is included in Tab 21". Source: GADCA 2006 Funding Application, Part VIII-Scoring Criteria, Page 3 of 7.

SUMMARY

Target Income Range - Subject Property - by Income Targeting Scenario

With RA commitment

The overall **Target Income Range** for the proposed subject property targeting households at 50% and 60% AMI with the deep subsidy RA commitment of 65-units is $0 to $38,880.

It is projected that in 2008 approximately **72%** of the renter households in the PMA were in the subject property 50% and 60% AMI LIHTC target income group, allowing for PBRA.

Without RA commitment

The overall **Target Income Range** for the proposed subject property targeting households at 50% and 60% AMI without deep subsidy project base RA is $22,425 to $38,880.

It is projected that in 2008 approximately **25.5%** of the renter households in the PMA were in the subject property 50% and 60% AMI LIHTC target income group, without PBRA support.

ECONOMIC & EMPLOYMENT TRENDS

The economic trends reflect the ability of the area to create and sustain growth, and job formation is typically the primary motivation for positive net in-migration.

Tables 9 through 14 exhibit labor force trends by employment, changes in employment sectors and changes in average annual weekly wages for Glynn County. Also, exhibited are the major employers for the immediate labor market area. A summary analysis is provided at the end of this section.

Table 9

Civilian Labor Force and Employment Trends, Glynn County: 2000, 2004 and 2005

	2000	2004	2005
Civilian Labor Force	34,936	37,737	38,967
Employment	33,744	36,285	37,249
Unemployment	1,192	1,452	1,718
Rate of Unemployment	3.4%	3.8%	4.4%

Table 10

Change in Employment, Glynn County

Years	# Total	# Annual*	% Total	% Annual*
2000 - 2004	+2,541	+ 508	+ 7.53	+ 1.51
2004 - 2005	+ 964	Na	+ 2.66	Na

* Rounded Na - Not applicable

Sources: Georgia Labor Force Estimates, 2000 - 2005. Georgia Department of Labor, Workforce Information Analysis.

Koontz and Salinger. June, 2006.

Employment Trends

Table 11

Employment Change and Rates of Unemployment, Glynn County

Year	Number Employed	Change Over Previous Year	Unemployment Rate
2000	33,744	------	3.4
2001	33,538	- 206	3.6
2002	34,835	+ 1,297	3.8
2003	35,544	+ 709	3.9
2004	36,285	+ 741	3.8
2005	37,249	+ 964	4.4
2006 (01)	37,897	-----	4.1
2006 (02)	38,042	+ 145	4.3
2006 (03)	38,559	+ 517	3.6
2006 (04)	39,165	+ 606	3.4

Table 12

Average Monthly Covered Employment by Sector, Glynn County, 2003 and 2004

Year	Total	Con	Mfg	T	FIRE	HCSS	G
2003	35,826	1,992	3,105	5,462	1,446	2,880	7,479
2004	36,712	2,247	3,056	5,424	1,555	2,730	7,765
03-04 # Ch.	+ 886	+ 255	- 49	- 38	+ 109	- 150	+286
03-04 % Ch.	+ 2.5	+12.8	- 1.6	-0.7	+7.5	-5.2	+3.8

% Ch. 2003 to 2004 = % Increase/Decrease

Note: Con - Construction; Mfg - Manufacturing; T - Retail and Wholesale Trade; FIRE - Finance, Insurance and Real Estate; HCSS - Health Care and Social Services; G - Federal, State & Local Government

Sources: Georgia Labor Force Estimates, 2000 - 2006. Georgia Department of Labor, Workforce Information Analysis.

Koontz and Salinger. June, 2006.

Table 13, exhibits average annual weekly wages in 2003 and 2004 in the major employment sectors in Glynn County. The rate of change in wages has for the most part matched or exceeded the recent rate of inflation, as measured by the consumer price index (CPI) for all of the employment sectors. It is estimated that the majority of workers in the service and trade sectors in 2005/06 have average weekly wages between $400 and $700.

Table 13

Average Annual Wages, 2003 and 2004
Glynn County

Employment Sector	2003	2004	% Numerical Change	Annual Rate of Change
Total	$ 571	$ 606	+ 35	+ 6.1
Construction	$ 530	$ 561	+ 31	+ 5.8
Manufacturing	$ 897	$ 951	+ 54	+ 6.0
Wholesale Trade	$ 603	$ 671	+ 68	+11.3
Retail Trade	$ 385	$ 402	+ 17	+ 4.4
Transportation & Warehouse	$ 543	$ 686	+143	+26.3
Finance	$ 906	$ 933	+ 27	+ 3.0
Real Estate Leasing	$ 432	$ 472	+ 40	+ 9.3
Health Care Services	$ 633	$ 685	+ 52	+ 8.2
Leisure & Hospitality	$ 341	$ 363	+ 22	+ 6.5
Federal Government	$1342	$1413	+ 71	+ 5.3
State Government	$ 515	$ 535	+ 20	+ 3.9
Local Government	$ 663	$ 696	+ 33	+ 5.0

Sources: Georgia Department of Labor, Workforce Information Analysis, Covered Employment, Wages and Contributions, 2003 and 2004.

Koontz and Salinger. June, 2006.

Major Employers

The major employers in Brunswick and Glynn County are listed in Table 14.

Table 14 Major Employers			
Firm	**Product/Service**	**Employees**	**Year Built**
Industrial			
Brunswick Cellulose	Paperboard	790	1936
Brunswick News	Publishing	65	1902
Georgia-Pacific	Gypsumboard	146	1959
Georgia Corp.	Lumber	120	1988
Hercules Inc.	Resins	356	1920
Industrial Insulation	Pipe Insulation	60	1974
King & Prince	Seafood Processing	570	Na
Gulfstream	Aircraft Refit	350	Na
International Auto	Automobile Processing	200	Na
Jered Industries	Cranes	129	1997
Koch Cellulose	Pulp Mill	88	2003
Rich Seapak Corp.	Seafood Processing	600	1949
Waggoners Trucking	Transportation	187	Na
Rulon Co.	Wood Products	55	1976
Non Industrial			
Federal Law Enforcement	Training Center	3,047	
Sea Island Company	Resort	2,100	
Glynn County School System	Education	1,900	
SE Georgia Health System	Hospital	1,682	
Glynn County	Government	850	
City of Brunswick	Government	326	
Walmart Supercenter	Retail Trade	570	
Jekyll Island	State Park	300	

Sources: Brunswick & Glynn County Development Authority, (912) 265-6629.

2006 Georgia Manufacturers Directory, Harris Infosource

SUMMARY

The economic situation for Glynn County is statistically represented by employment activity, both in workers and jobs. Over the last five years Glynn County has exhibited one of the strongest local economies in the State on a year-to-year basis.

The Brunswick and Glynn County economy is well diversified. Tourism is the largest sector of the local economy contributing over $800 million per year to the total economic base. Local government is a major employer, as is the federal government with the location of the 1,500-acre Federal Law Enforcement Training Center in Brunswick. The Training Center has led to a number of lodging facilities opening in Brunswick in order to specifically serve the law enforcement officers/students attending the center on a very transient base. It is estimated that the center trains more than 47,000 students per year.

Brunswick is the home of one of the two seaports in the State. The Marine Port Terminals and the Foreign Trade Zone is a major destination point of ocean going vessels (in particular vessels carrying automobiles). In 2003, the new Sidney Lanier Bridge (the largest bridge in the State) was completed and opened. Upon completion, the Brunswick River channel was widened to 500 feet and the depth of the river channel was increased to 36 feet, allowing for larger ocean going transport to enter the harbor/port. The new bridge is on target to double the capacity of the Port of Brunswick by 2013, bringing in an average of $464 million in new state revenues per year.

At one time, the City's economic base was very dependent upon the local paper mill, the local fishing industry and seafood processing businesses. While all are still major contributors to the economic base, the overall characteristic of the local economy has changed from primarily blue collar related work to service, trade and White collar professional employment. Over the last 20 years the local economy has exhibited significant growth in the number of new retail trade establishments, small businesses, government-related growth and tourist related growth, while at the same time still maintaining a strong manufacturing sector. For example, over the last year several manufacturing employers have increased in size including: (1) King & Prince Seafood - 50 new hires and (2) Gulf Stream - 60 new hires. In addition, over the last several months three 5-acre lots were sold in the new Golden Isles Gateway Park (an 8,000-acre industrial park) for development.

Source: Ms. Evelyn Bramblett, Brunswick and Glynn County Development Authority, (912) 265-6629.

Population growth centered primarily within the vicinity of St. Simons Island has also contributed significantly to economic growth. The resorts are major employers and the on-going residential and commercial development generates and maintains a large work force in the construction and landscaping trades. Between 2001 and 2005 real estate values in the area increased by 20% annually. In 2001, there were 1,429 residential sales, by 2005 there were 2,953 residential sales. This increase in population has led to a large number of new business establishments forming in the county. On the immediate horizon are plans for a new shopping center anchored by Target. Note: Another area in the county currently exhibiting strong population/residential growth is centered immediately north of the Brunswick-Golden Isles Airport and south of I-95.

Summary

In summary, recent economic indicators are more supportive of a expanding local economy in the PMA over the next two years. A growing economy helps to strengthen the overall demand for rentals by younger and new immigrant households and to give support for local landlords to increase rents on an annual basis as overall supply versus demand tightens.

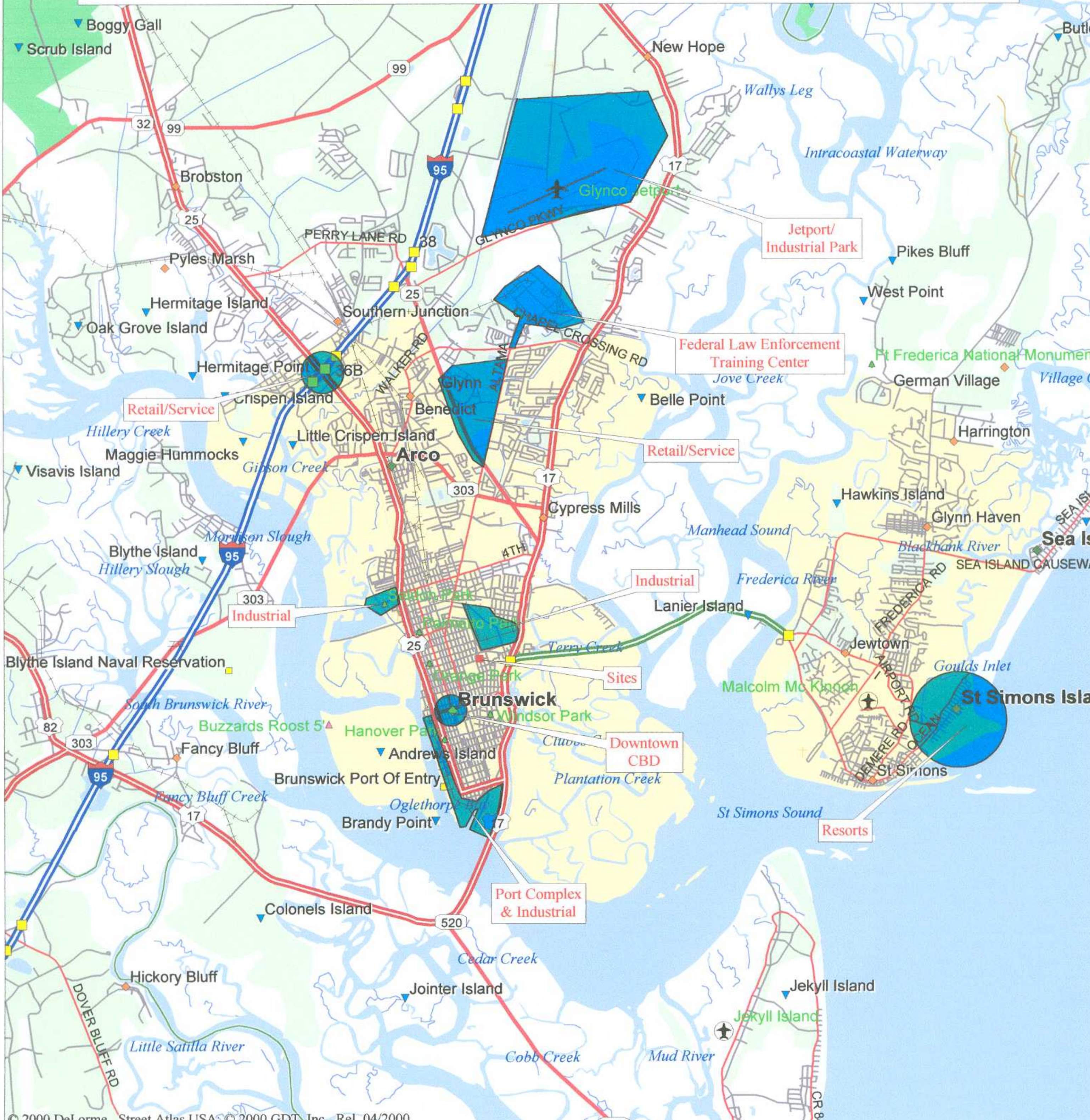
A significant development project that is in the works is Liberty Harbor in Brunswick. The plan (which is in progress) entails "a $1 billion waterfront harbor community project scheduled to begin construction in 2006-07. The master plan calls for 2,000 condominiums overlooking the Sidney Lanier Bridge and will also include an eclectic mix of shops, a marina with 350 boat slips, restaurants and a major Hyatt Hotel property with 210 rooms. An aquatic center and spa are also on the drawing boards. Residents will have access to a championship golf course and a private beach club on Jekyll Island. A preliminary study revealed that the economic impact would create an additional $24.5 million each year in property taxes for the City of Brunswick alone. The study also noted that around 1,125 jobs would be created in the construction and operation of Liberty harbor paying a combined $20.2 million in wages per year." Source: WW Group Holdings, Brunswick-Golden Isles Chamber of Commerce, and Blueprint Brunswick (www.blueprintbrunswick.com).

Other on-going development projects include the $40 million mixed-use Parkwood Village development on US 17, and the 3-acre Oglethrope Block development in the historic area of downtown Brunswick. Source: www.brunswickga.org

The Selig Center for Economic Growth (Terry College of Business, University of Georgia) forecasts an annual positive rate of change with net employment gains of 1.2% per year between 2005 and 2010 for Glynn County.

A map of the major employment concentrations in the PMA is exhibited on the next page.

Major Employment Nodes



Mag 12.00
Sat Jun 24 12:38 2006

Scale 1:125,000 (at center)
2 Miles
2 KM

Local Road
Major Connector
State Route
Rest Area

SECTION F

PROJECT-SPECIFIC DEMAND ANALYSIS

This analysis examines the area market demand in terms of a specified GA-DCA demand methodology. This incorporates several sources of income eligible demand, including demand from new renter household growth and demand from existing renter households already in the Brunswick market. In addition, given the amount of substandard housing that still exists in the PMA market, the potential demand from substandard housing will be examined.

This methodology develops an effective market demand comprising eligible demand segments based on household characteristics and typical demand sources. It evaluates the required penetration of this effective demand pool. The section also includes estimates of reasonable absorption of the proposed units. The demand analysis is premised upon an estimated projected year that the subject will be placed in service of 2008.

In this section, the effective project size is 65-units. Throughout the demand forecast process, income qualification is based on the distribution estimates derived in Tables 8A and 8B from the previous section of the report. This demand analysis will be two-fold. It will examine potential demand for the subject **with** and **without** deep subsidy project base rental assistance (PBRA).

Subsequent to the derivation of the annual demand estimate, the project is considered within the context of the current market conditions. This analysis assesses the size of the proposed project compared to the existing population, including factors of tenure and income qualification. This indicates the proportion of the occupied housing stock that the project would represent and gives an indication of the scale of the proposed complex in the market. This does not represent potential demand, but can provide indicators of the validity of the demand estimates and the expected capture rates.

The demand analysis will address the impact on demand from existing and proposed like-kind competitive supply. In this case discriminated by age and income.

Finally, the potential impact of the proposed project on the housing market supply is evaluated, particularly the impact on other like-kind assisted family apartment projects in the market area.

Effective Demand Pool

In this methodology, there are three basic sources of demand for an apartment project to acquire potential tenants:

* net household formation (normal growth),

* existing renters who are living in substandard housing, and

* existing renters who choose to move to another unit, typically based upon affordability (rent overburdened), project location and features.

As required by the most recent set of GA-DCA Market Study Guidelines, several adjustments are made to the basic model. The methodology adjustments are:

(1) taking into consideration like-kind competitive units now in the "pipeline", and/or under construction within the 2006 to 2008 forecast period,

(2) taking into consideration like-kind competition introduced into the market between 1999 and 2006, and

(3) for secondary market area demand (a 15% adjustment factor).

Note: The secondary market area adjustment factor is pre determined and specified in the most current GA-DCA Market Study Guideline instructions.

Growth

For the PMA, forecast housing demand through household formation totals 908 households over the 2000 to 2008 forecast period. By definition, were this to be growth it would equal demand for new housing units. This demand would further be qualified by tenure and income range to determine how many would belong to the subject target income group. During the 2000 to 2008, forecast period it is calculated that 699 or approximately 77% of the new households formations would be renters.

Based on 2008 income forecasts, 503 new renter households fall into the 50% and 60% AMI target income segment of the proposed subject property with PBRA; and 178 into the 50% and 60% AMI target income segment without PBRA.

Demand from Existing Renters that are In Substandard Housing

The most current and reliable data from the US Census regarding substandard housing is the 2000 census. By definition, substandard housing in this market study is from Tables H21 and H48 in Summary File 3 of the 2000 census - Tenure by Age of Householder by Occupants Per Room and Tenure by Plumbing Facilities, respectively. In 2000, 87 households were living in renter-occupied dwelling units without complete plumbing facilities in the PMA and 553 households were living in renter-occupied dwellings in over crowded conditions. The total number of existing renters that were in substandard housing based on the 2000 Census was 639.

Based on a field analysis of Brunswick and Glynn County, along with an examination of the trends in substandard data between the 1990 and 2000 censuses and the recent introduction of a large LIHTC/Market Rate property, it is estimated that in 2008 there are 300 renter households in substandard housing conditions in the PMA.

Based on 2008 income forecasts, 216 substandard renter households fall into the target income segment of the proposed subject property at 50% and 60% AMI with PBRA; and 77 households at 50% and 60% AMI without PBRA.

Demand from Existing Renters that are Rent Overburdened

An additional source of demand for rental units is derived from renter households desiring to move to improve their living conditions, to accommodate different space requirements, because of changes in financial circumstances or affordability. For this portion of the estimate, rent overburdened households are included in the demand analysis. Note: This segment of the demand analysis excluded the estimate of demand by substandard housing as defined in the previous segment of the demand analysis.

By definition, rent overburdened are those households paying greater than 30% to 35% of income to gross rent*****. The most recent census based data for the percentage of households that are rent overburdened by income group is the 2000 census. Forecasting this percentage estimate forwarded into 2008 is extremely problematic and would not hold up to the rigors of statistical analysis. It is assumed that the percentage of rent overburdened households (in 2008) have remained the same since 2000. That is approximately 55% of the renters with incomes in the 50% and 60% AMI target income segment are rent overburdened with PBRA; and approximately 15% of the renters with incomes in the 50% and 60% AMI target income segment are rent overburdened without PBRA.

*****Note: HUD and the US Census define a rent over burdened household at 30% of income to rent.

In the PMA it is estimated that 2,653 existing renter households are rent overburdened and fall into the 50% and 60% AMI target income segment of the proposed subject property with PBRA. In the PMA it is estimated that 256 existing renter households are rent overburdened and fall into the 50% and 60% AMI target income segment of the proposed subject property without PBRA.

Total Effective Tenant Pool - PMA

The potential demand from these sources (in the PMA) total 3,372 households/units at 50% and 60% AMI with PBRA; and 511 households/units at 50% and 60% AMI without PBRA. These estimates comprise the total income qualified demand pool from which the tenants at the proposed project will be drawn from the PMA.

Secondary Market Area Adjustment (15% factor)

The following is stated on page 9 of 19 in the 2006 GA-DCA Market Study Guidelines: "To accommodate for the secondary market area, the Demand from Existing Qualified Households within the primary market area will be multiplied by 115% to account for demand from the secondary market area." The 15% adjustment factor is applied to all of the ***combined*** demand estimates (regardless of tenure) as detailed in the overall demand methodology.

The secondary market area adjustment factor increased demand by 506 households at 50% and 60% of AMI with PBRA, and by 77 households at 50% and 60% AMI without PBRA.

Total Effective Tenant Pool - PMA & SMA

The potential demand from the demand methodology sources from both the PMA and SMA total 3,878 households/units at 50% and 60% AMI with PBRA; and 588 households/units at 50% and 60% AMI without PBRA. These estimates comprise the total income qualified demand pool from which the tenants at the proposed project will be drawn from both the PMA and SMA.

These estimates of demand were adjusted for the introduction of new like-kind supply into the PMA between the 2006 to 2008 forecast period, as well as between 1999 and 2005. Naturally, not every household in this effective demand pool will choose to enter the market for a new unit; this is the gross effective demand.

The final segmentation process of the demand methodology was to subject out like-kind competition/supply in the PMA built since 1999. In the case of the subject, like-kind supply includes other LIHTC and/or LIHTC/Home family developments. Note: Since 1999, one like-kind competitive family apartment development has been introduced into the PMA, the Eagle Pointe Apartments in 2002.

Taking this property into consideration reduced potential demand to 454 at 50% and 60% AMI without PBRA.

Upcoming Direct Competition

An additional adjustment is made to the total demand estimate. The estimated number of direct competitive supply under construction and/or in the pipeline for development must be taken into consideration. According to local sources, no other like-kind multi-family apartment development supply is under construction or in the pipeline for development. However, at present the McGarveys Apartment complex is building another phase of market rate efficiency units (about 60-units). These units are not comparable to the subject. Also, there are plans for a new hi-rise condominium development in the city, overlooking the river. The condominiums will be for-sale units and construction plans call for development to begin between 2006 and 2007. Source: City of Brunswick, Building Inspectors Office, Mr. Joey W. Carlo, (912) 267-5519.

A review of the 1999 to 2005 list of awards made by the Georgia Department of Community Affairs revealed that in the last six rounds, one award was made for a LIHTC **family** development in the PMA. This award must be taken into consideration in the demand methodology. In 2002 the 168-unit Eagles Pointe Apartment development was built in Brunswick. 134-units are LIHTC and 34 are non income restricted market rate units.

The segmented, effective demand pool is summarized in Table 15, on the following pages.

Table 15

Quantitative Demand Estimate: Brunswick PMA

	With RA	No RA
• Demand from New Growth - Renter Households		
Total Projected Number of Households (2008)	7,000	7,000
Less: Current Number of Households (2000)	6,301	6,301
Change in Total Renter Households	+ 699	+ 699
% of Renter Households in Target Income Range	72%	25.5%
Total Demand from New Growth	**503**	**178**
• Demand from Substandard Housing with Renter Households		
Number of Households in Substandard Housing(2000)	639	639
Number of Households in Substandard Housing(2008)	300	300
% of Substandard Households in Target Income Range	72%	25.5%
Number of Income Qualified Renter Households	**216**	**77**
• Demand from Existing Renter Households		
Number of Renter Households (2008)	7,000	7,000
Minus substandard housing segment	300	300
Net Number of Existing Renter Households	6,700	6,700
% of Households in Target Income Range	72%	25.5%
Number of Income Qualified Renter Households	4,824	1,709
Proportion Income Qualified (that are Rent Overburden)	55%	15%
Total	**2,653**	**256**
• Net Total Demand from the PMA	**3,372**	**511**
• Secondary Market Area Adjustment		
Net Total Demand	3,372	511
Adjustment Factor of 15%	15%	15%
Demand from SMA Adjustment	**506**	**77**
• Gross Total Demand (PMA & SMA)	3,878	588
Minus New Supply of Competitive Units (1999-2008)	0	134*
• **Gross Total Demand (Renter, Owner, Non Tenure & SMA)**	**3,878**	**454**

*134 LIHTC units of Eagles Pointe

Capture Rate Analysis

Total Number of Households Income Qualified = 3,878. For the subject 65 LIHTC units this equates to an overall LIHTC Capture Rate of 1.7%.

LIHTC Capture Rates by AMI

- Capture Rate (65 unit subject, by AMI)

	With RA	No RA
Number of Units in Subject Development	65	65
Number of Income Qualified Households	3,878	454
Required Capture Rate	**1.7%**	**14.3%**

Analyst Note: The above capture rate analysis is premised upon the subject not retaining any of the existing tenants at the time of the rehab process. Based on an examination of the most recent rent roll, current demand and the condition of the units it is estimated that the project should be able to retain at least 90% (if not more) of the existing tenant base. Should at least 59 of the 65 available units (90%) be retained along with the PBRA the subject capture rate with PBRA would be much, lower - at less than 1%. Without PBRA the retention rate would not be as high and in fact the assumption of a project with 65 available units and no PBRA would be more realistic along with a capture rate much higher than that exhibited at 14.3%.

- Total Demand by Bedroom Mix

It is estimated that approximately 25% of the target group fits the profile for a 1BR unit, 50% for a 2BR unit and 25% of the target group is estimated to fit a 3BR unit profile. Source: Table 5 and Survey of the Competitive Environment.

Total Demand by Bedroom Type (at 50% & 60% AMI) - with PBRA

1BR - 970
2BR - 1,938
3BR - 970

Total - 3,878

	Total Demand	New Supply*	Net Demand	Units Proposed	Capture Rate
1BR	970	0	970	0	Na
2BR	1,938	0	1,938	41	2.1%
3BR	970	0	970	14	1.4%

* At present there is no supply of income restricted rental units under construction or in the approved pipeline for development.

Analyst Note: Owing to the quantitative and qualitative findings, along with reconciliation with the GA-DCA capture rate thresholds, the above capture rates are considered to be attainable for the proposed bedroom mix.

<u>Total Demand by Bedroom Type (at 50% & 60% AMI)</u> - without PBRA

1BR - 114
2BR - 226
3BR - 114

Total - 454

	Total Demand	New Supply*	Net Demand	Units Proposed	Capture Rate
1BR	114	0	114	0	Na
2BR	226	0	226	41	18.0%
3BR	114	0	114	14	12.2%

***** At present there is no supply of income restricted rental units under construction or in the approved pipeline for development.

<u>Analyst Note</u>: Owing to the quantitative and qualitative findings, along with reconciliation with the GA-DCA capture rate thresholds, the above capture rates are considered to be attainable for the proposed bedroom mix.

Absorption Rate Analysis

Given the strength (or lack of strength) of the demand estimated in Table 15, the worst case scenario for 93% to 100% rent-up is estimated to be 6 months (at 10 to 11-units per month on average). The most likely/best case rent-up scenario suggests a 3-month rent-up time period (an average of 21 to 22-units per month).

These estimates of absorption are based upon the assumption that the subject will not retain any of the tenants after the time of the rehab process. In reality, even without an extensive rehab process the subject has maintained an *annual occupancy rate* of approximately 94% and with the retention of PBRA would have little to no difficulty in maintaining at least a 90% retention rate. Given this scenario, the remaining 10% of the complex should be absorbed within 1 month upon the completion of the rehab process.

Note: In addition, the absorption of the project is contingent upon an attractive product and professional management.

Stabilized occupancy, is expected to be 93 or higher, subject to the completion of the rehab process.

Overall Impact to the Rental Market

Given the current rental market vacancy rate and the forecasted strength of demand for the expected entry of the subject in 2008, it is estimated that the acquisition/rehab of the proposed development will probably have little to no long term negative impact on the PMA program assisted or conventional apartment market, owing mostly to the fact that the subject will have 100% PBRA. Any imbalance caused by initial tenant turnover is expected to be temporary, i.e., less than 1 year. (Note: This expectation is contingent upon neither catastrophic natural nor economic forces effecting the Glynn County apartment market and local economy in 2008.)

SECTION G

COMPETITIVE ENVIRONMENT & SUPPLY ANALYSIS

This section of the report evaluates the general rental housing market conditions in the PMA, for both program assisted properties and market rate properties. Part I of the survey focused upon the existing program assisted properties within the PMA. Part II consisted of a sample survey of conventional apartment properties in the PMA. The analysis includes individual summaries and pictures of properties as well as an overall summary rent reconciliation analysis.

The Brunswick apartment market is representative of a well established small urban apartment market, with a mixture of a number of to mid-size to large program assisted properties and small to large market rate properties. At present, the market has eight program assisted family properties (excluding the local housing authority). Three of the program assisted properties are LIHTC family developments, 1 is the subject and four are elderly program assisted development (which are neither comparable nor competitive with the subject). The local apartment market has several mid-size to large conventional apartment complexes, with the remainder of the rental supply comprising mostly single-family homes and duplexes/tri-plexes for rent, centered primarily in the City of Brunswick.

The majority of the market rate supply located in the rural areas of the County consists primarily of single-family homes for rent and single-wide trailers.

Note: At the time of the survey there were no competing apartment developments under construction nor in the pipeline for development within the PMA.

Survey of the Competitive Environment

* At the time of the survey, the overall estimated vacancy rate of the surveyed program assisted LIHTC family properties was approximately 5.5%. 75% of the vacant LIHTC units (15 out of 20) were at Eagles Pointe, a 168-unit property. Management at Eagles Pointe reported that the property struggles to maintain an occupancy rate above 90%. Note: In the opinion of the analyst, the property is well maintained and attractive, is in excellent condition and appeared to be professionally managed. The problem in maintaining a high occupancy rate (with a waiting list) at Eagles Pointe could be that the 50% and 60% AMI net rents are near the maximum and beyond the reasonable boundary of affordability for the local moderate income apartment market.

* At the time of the survey the newest program assisted property

in the local apartment market, the 72-unit Whispering Oaks LIHTC development was 100% occupied and reported to have over 400-applicants on its waiting list. This property was built in 2004 and is about .1 mile away from the subject. It attained 100% occupancy within a four month period.

* One other LIHTC development is located in the local apartment market, other than Eagles Pointe and Whispering Oaks. The Glynn Place apartment development is a 128-unit (all three-bedroom) family complex that was built in 1995. The property was 96% occupied at the time of the survey. Management reported that the absorption period was 14 to 15 months.

* At the time of the survey, the overall estimated vacancy rate of the surveyed market rate properties was approximately 3.5%. Eleven properties were surveyed with a total of 1,061-units.

* Street rents vary widely, depending: on property age, condition, size of units, number of bathrooms, amenity package and location. Listed below are the rents broken down by average, median and range by bedroom type for the surveyed properties.

Bedroom Type	Average	Median	Range
0R/1b	$435	Na	$410-$470
1BR/1b	$460	$450	$400-$615
2BR/1b	$491	$500	$460-$649
2BR/2b	$595	$560	$475-$689
3BR/2b	$705	$700	$550-$810
4BR/2b	$670	Na	$650-$700

* At the time of the survey no apartment development in Brunswick was offering concessions.

* Among the most comparable apartment properties in the PMA to the subject are the older two-story market rate properties built in the 1980's. In addition to these, the 50% AMI units at both Whispering Oaks and the Glynn Place LIHTC apartment developments.

* Among the new market rate apartment properties built in the PMA is the 192-unit Fox Run Landings complex built in 2000. This property is a Class A Luxury complex and not comparable to the subject.

Glynn County HUD Section 8 Voucher Program

The HUD Section 8 Voucher program for Brunswick and Glynn County is managed by the Brunswick Housing Authority. Currently, 624 Section 8 vouchers are in use and 46 households are at present attempting to place a voucher within the market. The Authority is approved for a baseline of 750 vouchers. The waiting list for a voucher is very long, with approximately 790 applicants. Source: Ms. Angela Lemmond, Executive Director, and Ms. Cora Bacon, Occupancy Coordinator, Brunswick Housing Authority, (912) 265-1334.

Fair Market Rents

The 2006 Fair Market Rents for Glynn County, GA are as follows:

Efficiency	= $ 430
1 BR Unit	= $ 468
2 BR Unit	= $ 519
3 BR Unit	= $ 740
4 BR Unit	= $ 911

*Fair Market Rents are gross rents (include utility costs)

Source: www.huduser.org

Table 16, exhibits the project size, bedroom mix, number of vacant units (at time of the survey), net rents and unit sizes of the surveyed apartment properties in the Brunswick PMA competitive environment.

Table 16
SURVEY OF BRUNSWICK PMA APARTMENT COMPLEXES
PROJECT PARAMETERS

Complex	Total Units	1BR	2BR	3BR	Vac. Units	1BR Rent	2BR Rent	3BR Rent	SF 1BR	SF 2BR	SF 3BR
Subject	65	--	41	24	Na	--	$507	$545	--	978	1175
Glynn Place	128	--	--	128	5	--	--	$650	--	--	1094-1196
Eagles Pointe	168	40	72	56	15	$439-$610	$526-$710	$591-$905	822	1086	1209-1460
Whispering Oaks	72	--	32	40	0	--	$500-$580	$550-$750	--	1130	1260-1550
Brairwood & Mimosa	75	--	75	--	3	--	$445-$475	--	--	1100	--
Evergreen	36	--	36	--	3	--	$525	--	--	Na	--
Fountain Lake	100	--	62	38	6	--	$689-$719	$779	--	981-1200	1333
Camelia	111	41	51	19	0	$400	$475	$550	690	1032	1255
Marsh Landing	105	91	14	--	2	$410-$419	$525-$545	--	300-576	864-914	--
Merritt Landing	128	22	76	30	4	$450	$500	$600-$650	682	925	1066-1144
Oak Retreat	40	--	34	6	0	--	$675	$725	--	1246	1450
Palm Club	132	32	76	24	3	$605-$620	$715	$810	811-824	1109	1343
West-minister	156	56	80	20	7	$460-$490	$560	$660-$700	610	1152	1326-1623
Westway	70	58	12	--	3	$470-$520	$649-$659	--	300-576	864-914	--
Whispering	108	20	72	16	6	$450	$550	$700	960	1160	1470
Total*	**1429**	**360**	**692**	**377**	**57**						

* - Excludes the subject property 4BR units are included in the 3BR mix for Eagles Point & Whispering Oaks

Source: Koontz and Salinger. June, 2006.

Table 17 exhibits the key amenities of the subject and the surveyed apartment properties.

Table 17

SURVEY OF BRUNSWICK PMA APARTMENT COMPLEXES
UNIT & PROJECT AMENITIES

Complex	A	B	C	D	E	F	G	H	I	J	K	L	M
Subject	x	x			x	x	x	x	x	x	x	x	x
Glynn Pl	x	x	x		x	x	x	x	x	x	x	x	x
Eagles Pt	x	x	x		x	x	x	x	x	x	x	x	x
Whispering Oaks	x	x	x		x	x	x	x	x	x	x	x	x
Briarwood & Mimosa								x	x	x	x		
Evergreen								x	x	x	x		
Fountain Lk	x	x	x		x	x	x	x	x	x	x		x
Camelia	x	x	x			x		x	x	x			
Marsh Lndg	x	x					x	x	x	x	x		x
Meritt Lndg	x	x			x	x	x	x	x		x		
Oak Retreat	x	x	x			x	x	x	x	x	x		x
Palm Club	x	x	x	x	x	x	x	x	x	x	x	x	x
Westministr	x	x	x	x	x	x		x	x	x	x	x	x
Westway	x	x				x		x	x	x	x		x
Whispering	x	x	x		x	x		x	x	x	x	x	x

<u>Source</u>: Koontz and Salinger. June, 2006.

<u>Key</u>: A - On-Site Mgmt B - Central Laundry C - Pool
D - Tennis Court E - Playground/Rec Area F - Dishwasher
G - Disposal H - W/D Hook-ups I - A/C
J - Cable Ready K - Mini-Blinds L - Community Rm/Exercise Rm
M - Storage/other (inc. - ceiling fan, microwave, patio/balcony)

Reconciliation of Net Rents

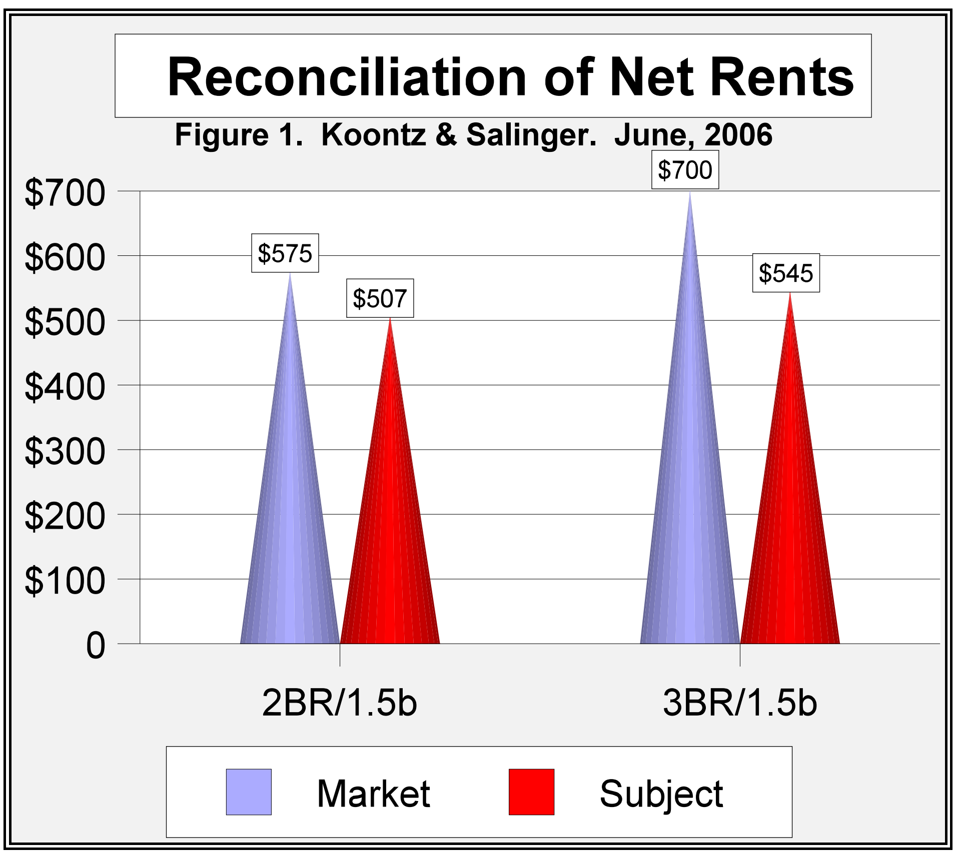
The survey of the competitive environment (which included local real estate professionals) revealed the following market based findings regarding net rents. Figure 1 below exhibits the estimated median market rate net rents by bedroom type in relation to the proposed subject property net rents at 50% and 60% of AMI.

Data Set

Bedroom Type	Market Estimate*	Subject Rents at 50% & 60% AMI
2BR/1.5b	$575	$507
3BR/1.5b	$700	$545

* net rent - for comparable units

Figure 1, reveals that the proposed subject 2BR/1.5b net rent at 50% and 60% AMI is approximately 12% less than the comparable/competitive 2BR/1.5b market rate net rents. The proposed subject 3BR/1.5b net rent at 50% and 60% is approximately 22% less than the comparable/competitive 3BR/2b market rate net rents. Note: This reconciliation process assumes no PBRA for the subject.



The data on the individual complexes, reported on the following pages, were reported by the owners or managers of the specific projects. In some cases, the managers / owners were unable to report on a specific project item, or declined to provide detailed information.

A map showing the location of the surveyed properties is provided on page 73.

Survey of the Competitive Environment-Program Assisted

1. Glynn Place Apartments, 820 Scranton Rd (912) 267-6868

Contact: Brenda, Mgr. (5/17/06)
Type: LIHTC fm (60% AMI)
Date Built: 1995
Condition: Very Good
Contact Type: Telephone interview

Unit Type	Number	Rent	Utility Allowance	Size sf	Vacant
3BR/2b Flat	10	$650	$167	1094	2
3BR/2.5b TH	118	$650	$167	1196	3
Total	128				5

Typical Occupancy Rate: 95%
Waiting List: No
Security Deposit: $150
Concessions: No
Utilities Included: water, sewer, trash
Turnover: 40% of total per yr

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	Yes

Design: 2 story walk-up & townhouse

Remarks: 30 tenants have a Section 8 voucher; tenants came from and Brunswick and multi-county area; the complex was absorbed over a 14 to 15 month period; "a lot of potential renters are over income qualified"

2. Eagles Pointe Apartments, 112 Eagles Dr (912) 265-8030

Contact: Sandy, Mgr. (5/18/06)
Type: LIHTC/MR fm
Date Built: 2002
Condition: Excellent
Contact Type: Telephone interview

Unit Type	**Number**	**Rent** 50%	60%	MR	**Utility Allowance**	**Size sf**	**Vacant**
1BR/1b	40	$439	$544	$610	$ 76	822	5
2BR/2b	72	$526	$652	$710	$ 94	1086	6
3BR/2b	32	$591	$736	$810	$123	1209	4
4BR/3b	24	$641	$803	$905	$155	1460	0
Total	168 -	69	65	34			15

Typical Occupancy Rate: 94%
Security Deposit: $200
Utilities Included: None
Waiting List: "usually"
Concessions: No
Turnover: "moderate"

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	Yes

Design: 3 story walk-up

Remarks: 14 tenants have a Section 8 voucher; "struggled for the first year to rent up"; "still struggles to maintain a 90%+ occupancy rate; 3 and 4BR units are the most popular

3. Whispering Oaks Apartments, 108 Whispering Oaks Dr (912) 261-1392

Contact: Kelli Martin, Mgr. (6/21/06)
Date Built: 2004
Contact Type: In person interview

Type: LIHTC/MR fm
Condition: Excellent

Unit Type	Number	Rent 50%	Rent 60%	Rent MR	Utility Allowance	Size sf	Vacant
2BR/2b	32	$500	$550	$580	$ 94	1130	0
3BR/2b	32	$550	$575	$625	$123	1260	0
4BR/2b	8	$600	$699	$750	$155	1550	0
Total	72 -	35	23	14			0

Typical Occupancy Rate: 99+%
Security Deposit: $200
Utilities Included: Trash removal

Waiting List: Yes (400 apps)
Concessions: No
Turnover: "low"

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	Yes	Picnic Area	Yes

Design: 2 story walk-up

Remarks: 23 tenants have a Section 8 voucher; 100% occupied within four months; most tenants came from the City of Brunswick; water is Individually metered; 2BR units are the most popular

4. Brunswick Housing Authority, 1126 Albany St (912) 265-1334

The Brunswick Housing Authority manages 715-units located in 10 scattered sites in the City. All of the complexes were built between 1940 and 1969. The Authority began renovation of all units around 2000, including the installation of central air. At this time the renovation process has almost been completed with the last two sections soon to be rehabed. ing veral sections of the scattered site complexes managed by the Authority have been rehabed and modernized.

Survey of the Competitive Environment-Market Rate

1. Briarwood & Mimosa Apartments, N Briarwood Dr (912) 265-0740

Contact: Edith Townton, Mgr. (5/23/06) **Type:** Conventional
Date Built: 1969 **Condition:** Good
Contact Type: Telephone interview

Unit Type	Number	Rent	Size sf	Vacant
2BR/1b	75	$445-$475	1100	3
Total	75			3

Typical Occupancy Rate: 95% **Waiting List:** "not needed"
Security Deposit: $300 **Concessions:** No
Utilities Included: water for 44-units **Turnover:** "low"

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	No	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	No	Pool	No
Laundry Room	No	Community Room	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

Design: townhouse

Remarks: 44-units are off Briarwood and 31-units are off S Mimosa Rd

2. Evergreen Apartments, 2708 Evergreen Rd (912) 265-4951

Contact: Paul Vasquez (5/20/06)
Type: Conventional
Date Built: 1970's
Condition: Good
Contact Type: Telephone interview

Unit Type	Number	Rent	Size sf	Vacant
2BR/1.5	36	$525	Na	3
Total	36			3

Typical Occupancy Rate: low 90's
Security Deposit: $290
Utilities Included: None
Waiting List: Na
Concessions: No
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	No	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Patio

Amenities - Project

On-Site Mgmt	No	Pool	No
Laundry Room	No	Community Room	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

Design: townhouse

Remarks: in process of renovation; managed by Riverside Realty

3. Fountain Lake, 1000 Fountain Lake Dr (912) 267-1420

Contact: Sue Elizabeth, (5/20/06)
Date Built: 1982
Contact Type: Telephone interview

Type: Conventional
Condition: Good

Unit Type	Number	Rent	Size sf	Vacant
2BR/2b	32	$689	981	1
2BR/2.5b	30	$719	1200	0
3BR/2.5b	38	$779	1333	5
Total	100			6

Typical Occupancy Rate: 94% to 95%
Security Deposit: $150
Utilities Included: None

Waiting List: Yes ("short")
Concessions: No
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Patio

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	No
Fitness Ctr	No	Recreation Area	Yes
Storage	Yes	Picnic Area	No

Design: townhouse & two-story walk-up

Remarks:

4. Camelia Apartments, 5800 Altama Ave (912) 267-9994

Contact: Sherri Judy, (5/18/06)
Type: Conventional
Date Built: 1978
Condition: Good
Contact Type: Telephone interview

Unit Type	Number	Rent	Size sf	Vacant
1BR/1b	41	$400	690	0
2BR/1.5b	51	$475	1032	0
3BR/2.5b	19	$550	1255	0
Total	111			0

Typical Occupancy Rate: 95+%
Security Deposit: $250
Utilities Included: None
Waiting List: Yes (6 apps)
Concessions: No
Turnover: 2-4 per month

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	No	Window Treatment	No
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes (3BR)	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

Design: two story walk-up

Remarks: mostly young couples and families

5. Marsh Landing Apartments, 3875 Darien Hwy (912) 267-7874

Contact: Jenny, (5/30/06)
Date Built: 1985
Contact Type: Telephone interview

Type: Conventional
Condition: Good

Unit Type	Number	Rent	Size sf	Vacant
0BR/1b	11	$410	300	1
1BR/1b	80	$419	576	1
2BR/1b	7	$525	864	0
2BR/2b	7	$545	914	0
Total	105			2

Typical Occupancy Rate: 99%
Security Deposit: $300-$400
Utilities Included: water, sewer, trash

Waiting List: Na
Concessions: No
Turnover: “low”

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	No	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Patio

Amenities - Project

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes (2)	Community Room	No
Fitness Ctr	No	Recreation Area	No
Storage	Yes (288 sf in attic)	Picnic Area	No

Design: 1 story

Remarks: some of the studio units are furnished

6. Merritt Landing, 5700 Altama Ave (912) 264-9411

Contact: Melissa, (5/23/06)
Type: Conventional
Date Built: 1974 (rehabed in 1999)
Condition: Good
Contact Type: Telephone interview

Unit Type	**Number**	**Rent**	**Size sf**	**Vacant**
1BR/1b	22	$450	682	0
2BR/1b	76	$500	925	4
3BR/1.5b	20	$600	1066	0
4BR/2b	10	$650	1144	0
Total	128			4

Typical Occupancy Rate: 95%
Security Deposit: $250
Utilities Included: trash removal
Waiting List: "not needed"
Concessions: No
Turnover: "low"

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	No
Dishwasher	Yes	Carpeting	No
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	No	Patio/Balcony	No

Amenities - Project

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Community Room	No
Fitness Ctr	No	Recreation Area	Yes
Storage	No	Picnic Area	No

Design: townhouse

Remarks:

7. Oak Retreat Apartments, 135 Cardinal Dr (912) 267-7611

Contact: Jean Patrick, (5/23/06)
Date Built: Na
Contact Type: Telephone interview
Type: Conventional
Condition: Good

Unit Type	Number	Rent	Size sf	Vacant
2BR/2.5b	34	$675	1246	0
3BR/2.5b	6	$725	1450	0
Total	40			0

Typical Occupancy Rate: 95%
Security Deposit: $200
Utilities Included: trash removal
Waiting List: "not needed"
Concessions: No
Turnover: 1 per mo.

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

Design: one & two story

Remarks:

8. Palm Club Apartments, 111 S Palm Dr (912) 466-9090

Contact: C.J., (5/24/06)
Date Built: 1999
Contact Type: Telephone interview

Type: Conventional
Condition: Very Good

Unit Type	Number	Rent	Size sf	Vacant
1BR/1b	32	$605-$620	811-824	0
2BR/2b	36	$715	1109	1
2BR/2b	40	$715	1109	1
3BR/2b	24	$810	1343	1
Total	132			3

Typical Occupancy Rate: 96%
Security Deposit: $87-$250
Utilities Included: trash removal

Waiting List: Yes
Concessions: No
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	Yes	Picnic Area	Yes

Design: three-story walk-up

Remarks: good credit = $87 security deposit; 8 1BR are deluxe; complex has a jacuzzi/spa, gated entrance, car wash area, vaulted ceilings, microwave, tennis court; was 93% occupied within 1 year

9. Westminister Club, 3901 Darien Hwy (912) 264-4832

Contact: Joyce Hutchins, (5/18/06)
Date Built: 1986
Contact Type: Telephone interview

Type: Conventional
Condition: Very Good

Unit Type	Number	Rent	Size sf	Vacant
1BR/1b	56	$460-$490	610	0
2BR/1.5b	80	$560	1152	7
3BR/2.5b	14	$660	1326	0
3BR/2.5b/den	6	$700	1623	0
Total	156			7

Typical Occupancy Rate: 97%
Security Deposit: $100-$300
Utilities Included: Water, sewer, trash

Waiting List: No
Concessions: No
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Yes	Patio/Balcony	Yes

Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	Yes	Recreation Area	Yes
Storage	No	Picnic Area	Yes

Design: two-story walk-up

Remarks: complex has a tennis court, basketball court and volleyball court

10. Westway Apartments, 2006 Commercial Dr (912) 265-2437

Contact: Jenny, (5/24/06)
Date Built: 1985
Contact Type: Telephone interview

Type: Conventional
Condition: Good

Unit Type	Number	Rent	Size sf	Vacant
0BR/1b	8	$470	300	1
1BR/1b	50	$520	576	2
2BR/1b	9	$649	864	0
2BR/2b	3	$659	914	0
Total	70			3

Typical Occupancy Rate: 98%
Security Deposit: $300-$400
Utilities Included: trash

Waiting List: No
Concessions: No
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	No	Carpeting	Yes
Disposal	Yes	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	No
W/D Hook Up	Yes	Patio/Balcony	Patio

Amenities - Project

On-Site Mgmt	Yes	Pool	No
Laundry Room	Yes	Community Room	No
Fitness Ctr	No	Recreation Area	No
Storage	No	Picnic Area	No

Design: one-story

Remarks: furnished units available, as well as corporate units

11. Whispering Pines, 5801 Altama Ave (912) 264-1000

Contact: Linda, (5/23/06)
Type: Conventional
Date Built: 1969
Condition: Good
Contact Type: Telephone interview

Unit Type	Number	Rent	Size sf	Vacant
1BR/1b	20	$450	960	0
2BR/1.5	72	$550	1160	5
3BR/2b	16	$700	1470	1
Total	108			6

Typical Occupancy Rate: 94%-95%
Waiting List: No
Security Deposit: $250-$350
Concessions: No
Utilities Included: trash
Turnover: Na

Amenities - Unit

Stove	Yes	Air Conditioning	Yes
Refrigerator	Yes	Cable Ready	Yes
Dishwasher	Yes	Carpeting	Yes
Disposal	No	Window Treatment	Yes
Washer/Dryer	No	Ceiling Fan	Yes
W/D Hook Up	Some	Patio/Balcony	Yes

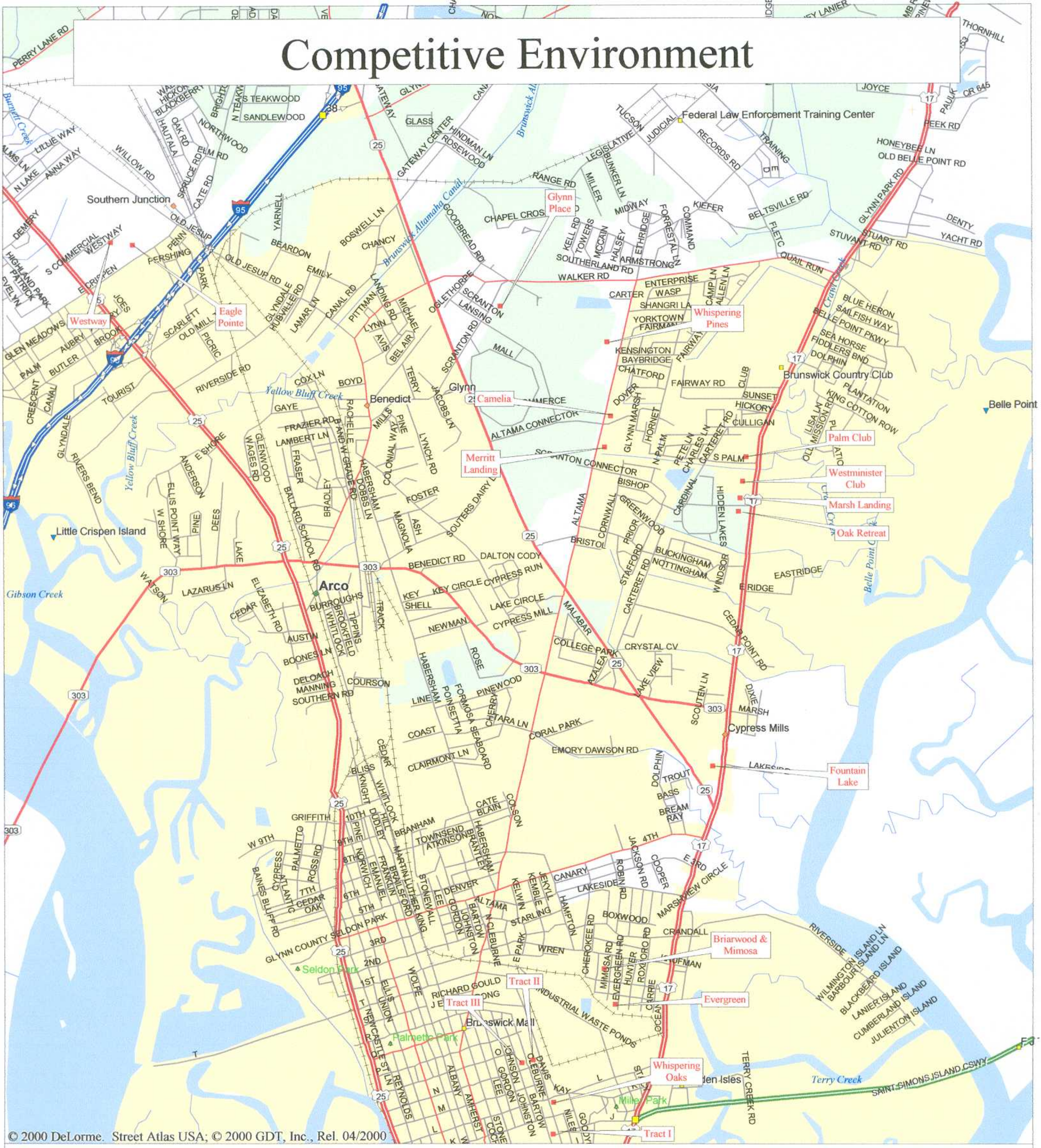
Amenities - Project

On-Site Mgmt	Yes	Pool	Yes
Laundry Room	Yes	Community Room	Yes
Fitness Ctr	No	Recreation Area	Yes
Storage	No	Picnic Area	No

Design: two-story walk-up

Remarks: clubhouse, car wash area; water surcharge 1BR=$12, 2BR=$18, 3BR =$23

Competitive Environment



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Scale 1:43,750 (at center)
5000 Feet
1000 Meters

Local Road
Major Connector
State Route
Interstate/Limited Access

SECTION H

INTERVIEWS

The following are observations and comments relating to the subject property. They were obtained via a survey of local contacts interviewed during the course of the market study research process.

In most instances the project parameters of the proposed development were presented to the *"key contact"*, in particular: the proposed site location, project size, bedroom mix, income targeting/primary funding source and net rents. The following statements/comments were made:

(1) - The Brunswick and Glynn County Development Authority was interviewed, Ms. Evelyn Bramblett, (912) 265-6629. *At the time of the interview Ms. Bramblett, expressed a strong opinion for the proposed acquisition/rehab development process for the Perry Park Townhomes. She mentioned her experience as a former manager of a large HUD Section 8 apartment complex in Hinesville and how important it was to maintain a supply of housing for the low wage work force, that is decent, well amenitized and most importantly professionally managed. It was explained that the Brunswick are economy is very strong and that most of the recent housing development has been in the middle to high income categories with few remaining options for the very low and low income market.*

(2) - Ms. Kelli Martin, Manager of the new Whispering Oaks (LIHTC-family) Apartments was interviewed (in person), (912)261-1392. *At the time of the interview, Ms. Martin expressed a very positive opinion regarding the proposed acquisition/rehab of the Perry Park Townhomes. Ms. Martin stated that "there is need" for additional affordable housing in the local apartment market that targets households at 30% to 50% AMI. She stated that given the fact that the proposed development will have 100% PBRA it would not compete with her property. At present her property was 100% occupied and maintained a waiting list with over 400 applicants. In summary, she believes that the proposed development would attain 100% occupancy with its PBRA and after the rehab process.*

(3) - The Executive Director for the Brunswick Housing Authority was interviewed, Ms. Angela Lemmond, (912) 265-1334. *At the time of the interview, Ms. Lemmond expressed a very positive opinion regarding the proposed acquisition/rehab development of the Perry Park Townhomes. She stated that "there is need" for additional affordable housing targeting households, and in particular single-women with children at 30% AMI and below level in the local apartment market. Most of the tenants that the housing authority serves come from the City of Brunswick and that the city still has a lot of substandard, slum like rentals within it and those households need to have alternative choices, such as Perry Park Townhomes.*

(4) Mr. Artie Jones III, Director of Community Development for the City of Brunswick was interviewed, (912) 265-4610. *At the time of the interview Mr. Jones expressed a very positive opinion regarding the proposed acquisition/rehab of the Perry Park Townhomes. It was stated that the city council was in support of the development and that both the city and community development have written letters in support of the acquisition / rehab development. Mr. Jones expressed the importance of retaining/preserving the existing affordable housing in the city as the Blueprint Plan goes forward in changing the downtown area of the city with a primary direction on developing new high end for-sale condominium housing. In addition, the city views the rehab of Perry Park, as well as the recently built Whispering Oaks (LIHTC) complex as components of a plan to renovated that entire area of the city in the up coming years.*

SECTION I

CONCLUSIONS & RECOMMENDATION

As proposed in Section A of this study, it is of the opinion of the analyst, based on the findings in the market study that the Perry Park Townhomes (a proposed LIHTC acquisition/rehab apartment property) proceed forward with the development process.

Detailed Support of Recommendation

1. Product Mix - The target group is large enough to absorb the proposed product development of **65** units, subject to the retention of the existing 100% deep subsidy project base rental assistance (PBRA).

2. Assessment of rents - The proposed net rents will be very competitive within the PMA, subject to the retention of the existing PBRA.

3. The current apartment market is **not** representative of an over saturated market, for well maintained, well amenitized and professionally managed properties.

4. The proposed complex unit amenity package is considered to be competitive within the PMA. Note: The project building design limits the size of the units, as well as how many new amenities can be incorporated within each unit. Were it not for the PBRA, the development would be hard pressed to compete in the market as a conventional property unless the existing proposed net rents were significantly reduced.

5. Stabilized occupancy, is forecasted to be 93% or higher, after the rehab process.

6. The site location is considered to be marketable and should not be an encumbrance to the rent-up process.

7. The proposed development will not negatively impact the existing supply of program assisted properties within the market, owing to its income targeting and 100% PBRA.

SECTION J

ANALYST QUALIFICATIONS

Koontz and Salinger conducts Real Estate Market Research and provides general consulting services for real estate development projects. Market studies are prepared for residential and commercial development. Due diligence work is performed for the financial service industry and governmental agencies.

JERRY M. KOONTZ

EDUCATION:	M.A. Geography	1982	Florida Atlantic Un.
	B.A. Economics	1980	Florida Atlantic Un.
	A.A. Urban Studies	1978	Prince George Comm. Coll.

PROFESSIONAL: 1985-Present, Principal, Koontz and Salinger, a Real Estate Market Research firm. Raleigh, NC

1983-1985, Market Research Staff Consultant, Stephens Associates, an consulting firm in real estate development and planning. Raleigh, NC

1982-1983, Planner, Broward Regional Health Planning Council. Ft. Lauderdale, FL.

1980-1982, Research Assistant, Regional Research Associates. Boca Raton, FL.

AREAS OF EXPERIENCE: Real Estate Market Analysis: Residential Properties and Commercial Properties

WORK PRODUCT: Over last 23 years have conducted real estate market studies, in 31 states. Studies have been prepared for the LIHTC & Home programs, USDA-RD Section 515 & 528 programs, HUD Section 202 and 221 (d)(4) programs, conventional single-family and multi-family developments, personal care boarding homes, motels and shopping centers.

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Member in Good Standing: National Council of Affordable Housing Market Analysts

SECTION K

IDENTITY OF INTEREST

I affirm that I have made a physical inspection of the market and the subject property and that information has been used in the full study of the need and demand for the proposed units. To the best of my knowledge, the market can support the project as shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent on this project being funded.

CERTIFICATION

Koontz and Salinger
P.O. Box 37523
Raleigh, North Carolina 27627

________________________________, ______________

Jerry M. Koontz   Date
Real Estate Market Analyst
(919) 362-9085

Market Analyst Certification and Checklist

I understand that by initializing (or checking) the following items, I am stating those items are included and/or addressed in the report. It an item is not checked, a full explanation is included in the report.

The report was written to DCA's market study requirements, that the information included is accurate and that the report can be relied upon by DCA as a true assessment of the low-income housing rental market.

I also certify that I have inspected the subject property as well as all rent comparables.

Signed:__________________ Date:______________

A. Executive Summary

Market demand for subject property given the economic conditions of the area	Page viii
Projected Stabilized Occupancy Level and Timeframe	Page ix
Appropriateness of unit mix, rent and unit sizes	Page vii
Appropriateness of interior & exterior amenities including appliances	Page vii
Location & distance of subject property in relation to local amenities	Page vii
Discussion of capture rates in relationship to subject	Page viii
Conclusion regrading the strength of the market for the subject	Page ix

B. Project Description

Project address, legal description and location	Page 1
Number of units by unit type	Page 1
Unit size, # of bedrooms & structure type	Page 1
Rents & Utility Allowance	Page 2
Existing or proposed project based rental assistance	Page 2
Proposed development amenities	Page 2 & 3
For rehab proposals, current occupancy levels, rents, and tenant incomes (if available), as well as detailed information as to renovation of property	Page *
Projected placed in service date	Page 3
Construction type	Page 1
Occupancy type	Page 1
Special Population Target (if applicable)	Page Na

C. Site Evaluation

Date of Inspection of Subject Property by Market Analyst	Page 16
Physical features of Subject Property and Adjacent Uses	Page 4 & 5
Subject Photographs	Page 6 -10

D. Market Area

E. Community Demographic Data

1. Population Trends

2. Household Trends
Elderly by tenure, if applicable

3. Employment Trends

F. Project Specific Demand Analysis

G. Supply Analysis

H. Interviews

I. Conclusions & Recommendations

J. Signed Statement

* See Appendix for Rent Roll and Proposed Renovation Information; detailed information on the Perry Park Townhomes (i.e., the subject) at the time of the survey is available on pages 4 and 5 of the market study.